

**Request for Proposals
No.: N62470-00-R-3600**

Atlantic Division
Naval Facilities Engineering Command
1510 Gilbert St.
Norfolk, VA 23511-2699

UTILITY PRIVATIZATION INITIATIVE

Utilities Privatization Area A

States of Pennsylvania, New Jersey, New York,
Connecticut, Rhode Island, Massachusetts, New
Hampshire and Maine

October 29, 1999

⌘⌘NOTICE⌘⌘

The purpose of this solicitation is to select an Offeror(s) for the purposes of privatizing utility systems specified herein.

Privatization is the conveyance of utility system ownership to a private entity who will be responsible for the operation, maintenance and capitalization of the infrastructure for the foreseeable future and for the provision of safe and reliable utility services to the Department of Navy in exchange for reasonable compensation. Selection(s) will be made from offers received which represent the best value to the Department and whose pricing is consistent with requirements of Public Law 105-85, Section 2812, “Permanent Authority Regarding Conveyance of Utility Systems” found at 10 USC 2688.

REQUEST FOR PROPOSALS N62470-00-R-3600

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1. Executive Summary

The objective of this solicitation is to competitively select parties for privatization of Department of Defense Utility Systems located in the states of Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, New Hampshire and Maine (Utility Privatization Area A) as indicated in Table I. Included are 9 different Department installations and a total of 60 different utility systems as identified in Table II and described in Appendix D.

The Department is offering for sale its utility assets specified herein. Title will be transferred to the New Owner under a Conveyance Agreement covering the utility infrastructure and related equipment/supply inventories. For assets which are currently serving Department operational needs, the sale must satisfy the Department's interest in continued utility service. These interests focus on service obligation, provision of high quality and reliable services, cost control over the long term and continued modernization and technological growth of the asset. Other Department interests in the sale of these assets are the transfer of responsibility for capital investment and the risks of operations, regulatory compliance and loss/damage.

To promote privatization, the Department is providing Offerors maximum opportunity to be creative in developing proposals. Aggregation of systems is allowed, requirements have been reduced to the Department's minimum performance requirements and Offerors are allowed to propose standard commercial, industrial and residential levels of service. The Department encourages and will consider the full spectrum of privatization solutions but advises that such proposals must be convincing in terms of satisfying Department interests in supporting its military mission by providing safe, reliable utility service at a reasonable cost.

Utility commodities are not required but exceptions will be considered where provision or processing of commodities is inherently obvious due to federal, state and/or local law or prudent practicalities.

Privatization authority is provided by Congress via Public Law 105-85, Section 2812, "Permanent Authority Regarding Conveyance of Utility Systems" codified in 10 USC 2688 (see Appendix A). 10 USC 2688 imposes certain economic tests that must be met. In addition, all privatization actions must be approved by the Secretary of the military service concerned. Offerors are cautioned that this solicitation does not guarantee that privatization agreements will be executed.

The Department of Defense (DOD) Defense Reform Initiative Directive (DRID) No. 49 (see Appendix B) tasks the military services with pursuing privatization of DOD activity Systems. DRID 49 is the basis upon which this solicitation was developed.

Given the number of utility systems under consideration, this process requires a considerable time to assemble information needed by Offerors to develop proposals. The exact date, time and location for submission of proposals will be provided by amendment such that all proposals will be submitted not later than June 1, 2001.

This solicitation process, and any subsequent contract actions, will be conducted by the Commander, Atlantic Division, Naval Facilities Engineering Command, 1510 Gilbert Street, Norfolk, VA 23511-2699.

TABLE I: DEPARTMENT INSTALLATIONS (Area A)	
Naval Air Engineering Station (NAES) Lakehurst Lakehurst, NJ	Naval Support Station (NSS) Mechanicsburg Mechanicsburg, PA
Naval Air Station Joint Reserve Base (NASJRB) Willow Grove Willow Grove, PA	Naval Support Station (NSS) Philadelphia Philadelphia, PA
Naval Submarine Base (SUBASE) New London Groton, CT	Naval Weapons Station (NWS) Earle Earle, NJ
Naval Shipyard (NSY) Portsmouth Portsmouth, NH/Kittery, ME	Naval Air Station (NAS) Brunswick Brunswick, ME
Naval Station (NAVSTA) Newport Newport, RI	

TABLE II: UTILITY SYSTEMS	
SITE	UTILITY SYSTEM (CLIN – Nomenclature)
NAES Lakehurst	
	0001AA. Electrical Distribution
	0001AB. Potable Water Distribution
	0001AC. Non-Potable Water Distribution
	0001AD. Wastewater Collection
NASJRB Willow Grove	
Main Base	0002AA. Electrical Distribution
	0002AB. Potable Water Distribution
	0002AC. Wastewater Collection
Warminster	0003AA. Electrical Distribution
	0003AB. Potable Water Distribution
	0003AC. Wastewater Collection
	0003AD. Natural Gas Distribution
SUBASE New London	
Main Base	0004AA. Electrical Production and Distribution, Steam Production, Hot Water Production, Compressed Air Production and Distribution
	0004AB. Potable Water Distribution
	0004AC. Wastewater Collection

TABLE II: UTILITY SYSTEMS (continued)	
	0004AD. Steam Distribution and Condensate Return
	0004AE. Hot Water Distribution
Capehart Housing	0005AA. Potable Water Distribution
	0005AB. Wastewater Collection
Connie Towers	0006AA. Potable Water Distribution
	0006AB. Wastewater Collection
Polaris Park	0007AA. Potable Water Distribution
	0007AB. Wastewater Collection
Sail Fish Drive	0008AA. Potable Water Distribution
	0008AB. Wastewater Collection
Trident Park	0009AA. Potable Water Distribution
	0009AB. Wastewater Collection
NSY Portsmouth	
	0010AA. Electrical Production and Distribution, Steam Production, Hot Water Production, Compressed Air Production and Distribution
	0010AB. Potable Water Distribution
	0010AC. Non-Potable Water Distribution
	0010AD. Wastewater Aollection
	0010AE. Steam Distribution and Condensate Return
	0010AF. Hot Water Distribution
NAVSTA Newport	
Main Base	0011AA. Electrical Distribution
	0011AB. Potable Water Distribution
	0011AA. Wastewater Aollection
	0011AD. Natural Gas Distribution
Fort Adams Housing	0012AA. Electrical Distribution
	0012AB. Potable Water Distribution
	0012AC. Wastewater Collection
NSS Mechanicsburg	
	0013AA. Electrical Distribution
	0013AB. Potable Water Distribution
	0013AC. Wastewater Collection
NSS Philadelphia	
	0014AA. Electrical Distribution
	0014AB. Potable Water Distribution
	0014AC. Wastewater Collection

TABLE II: UTILITY SYSTEMS (continued)	
NWS Earle	
Main Base	0015AA. Electrical Distribution
	0015AB. Potable Water Distribution
	0015AC. Wastewater Collection
Earle Pier	0016AA. Electrical Distribution
	0016AB. Potable Water Distribution
	0016AC. Wastewater Collection
NAS Brunswick	
Main Base	0017AA. Electrical Distribution
	0017AB. Potable Water Distribution
	0017AC. Wastewater Collection
Topsham Annex	0018AA. Electrical Distribution
	0018AB. Potable Water Distribution
	0018AC. Wastewater Collection
McKeen Street	0019AA. Electrical Distribution
	0019AB. Potable Water Distribution
	0019AC. Wastewater Collection

2. Definitions

The following definitions will be used consistently throughout this document.

Aggregated Systems – two or more utility systems listed in Table II included in a single proposal.

Aggregate Proposal – A proposal for privatization of two or more utility systems listed in Table II.

Contracting Officer - A person with the authority to enter into, administer, or terminate contracts and make related determination and findings. The term includes certain authorized representatives of the contracting officer acting within the limits of their authorization as delegated by the Contracting Officer.

Conveyance Agreement – terms and conditions of the sale of Department System(s).

Compensation Agreement – terms and conditions relating to the determination of payments by the Department to the provider of utility services.

Department - The Department of Defense of the United States.

Enhancement – the modification, improvement, demolition or new construction of facilities and equipment forming part of the utility system and beyond the responsibility of the new owner to provide.

New Owner – person to whom title to a Utility System is conveyed and who is responsible for providing corresponding utility services.

Exit Ramps – contract provisions that allow the Department to exit a privatization agreement for reasons of greater economic or service opportunity. These provisions are separate from Department rights to terminate for default or convenience.

Force Majeure - cause or condition beyond the control and without the fault or negligence of a party such as: (1) acts of God or of the public enemy, (2) acts of the Government in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and (9) unusually severe weather.

Offeror – Person submitting a proposal under this request for proposals (RFP).

Single System Proposal – a proposal for privatization of a single System.

Utility System or System – physical assets owned by the Department and satisfying the definitions of 10 USC 2688 for utility Systems and to be physically defined in technical data packages made available to Offerors after issuance of this RFP.

3. The Competitive Privatization Process

The Navy is seeking to identify best privatization opportunities consistent with its desire to transfer utility infrastructure while satisfying its requirements for safe and reliable utility services at a reasonable cost. Accordingly, Offerors are provided considerable flexibility in creating innovative proposals. Government requirements are stated in terms of performance and proposals containing multiple systems are permitted. The Department will use best value source selection procedures which allows for selection of proposals from other than those containing the lowest price or receiving the highest technical rating.

After submission of proposals, the Department will review and evaluate proposals and establish a competitive range comprised of the most highly rated proposals. Offerors whose proposals are within the competitive range will be invited into discussions to clarify issues on their proposals. During discussions, the Department will determine if proposals satisfy the criteria of statute 10 USC 2688 and inform Offerors thereof. Final proposal revisions will then be requested. Proposals within the competitive range will be evaluated and a single best value proposal will be selected for each system. If there are systems where no proposals meet the 10 USC 2688 economic criteria, the process will be terminated for those systems.

After selection of a best value proposals, successful Offerors will then enter into detailed discussions of terms and conditions of the final privatization agreement for the purposes of converting proposal documents to contract documents. During discussions, the Department will engage in development of the Department's Environmental Baseline Survey (EBS), National Environmental Protection Act (NEPA) requirements and any special service requirements of the Department. Offeror(s) will be provided the opportunity to engage in their own process of due diligence investigations during this same time as they may determine necessary.

If at any time during detailed discussions with best value Offeror, if it is determined that terms and conditions cannot be successfully finalized or that the Offeror is unable to comply with the economic requirements of 10 USC 2688, the privatization action will be terminated. However, the government reserves the right to commence discussions with the next best qualified Offeror.

Once an agreement on final terms and conditions has been successfully concluded, a final test of the economic requirements of 10 USC 2688 will be conducted. If the economic tests of 10 USC 2688 are satisfied, the Department will pursue approval via the appropriate chain of command.

Interested parties are encouraged to utilize their creativity, skills, and expertise in proposing an offer that is most advantageous to both parties. To this end, Offerors will be provided the following information for use in developing proposals.

- a. Data Packages. Data packages will include technical information on System description including demarcations of physical limits, the Department's assessment of age and condition and a narrative discussion of the System's functional use in support of Department operations. This information and pertinent technical studies related to

system condition and environmental issues will be provided in electronic format (CD's) which may be ordered via the internet. Availability and ordering instructions can be found at www.efdsouth.navfac.navy.mil/eb.

b. Site visits. Offerors will be given the opportunity to tour Utility Systems at the Department installations during a site visit. Site visit schedules will be posted on the Internet at www.efdsouth.navfac.navy.mil/eb shortly after release of RFP. In conjunction with each site visit, a pre-proposal conference will be held where Offerors will be given the opportunity to ask questions. Results of pre-proposal conference will be documented and made available to all interested Offerors.

c. Table III below is an anticipated schedule for privatization based on the date of this solicitation.

TABLE III: PRIVATIZATION SCHEDULE	
Data packages and proposal submissions	20 Months
Evaluation and selection of best value source	7 Months
Due diligence and finalization of contract terms and award	12 Months
Department approval process	6 Months
Transition	6 Months
Total	51 Months

4. Selection of Offerors

The Department will select no more than a single Offeror for each system identified to be privatized. Offerors are cautioned that all privatization actions are subject to approval of the Secretary and may be executed only after Congressional notification. Successful selection and subsequent finalization of privatization terms and conditions does not guarantee that actions will be executed.

5. Performance Requirements

5.1 Scope. This section covers the Department's minimum performance requirements for (1) conveyance of the utility infrastructure and (2) the provision of utility services. The intent is to provide industry maximum flexibility in developing privatization solutions and the majority of terms and conditions for privatization have been left to the development of those submitting offers.

5.2 General.

5.2.1 Objective. The Department's objective for privatization is to transfer ownership responsibility and risks to a highly qualified private party, utilize private capital for System investments, secure and maintain high quality, reliable service which is more economical service.

5.2.2 Conveyance of the Estate. The utility system will be conveyed via a Quitclaim Deed (Conveyance Agreement) without warranties or guarantees of any kind. The Department shall retain ownership of all underlying land and water rights. The new owner will assume all responsibility for all aspects of the transferred infrastructure to include but not limited to maintenance, operation and liability for the asset conveyed.

All Conveyance Agreements shall clearly define responsibilities and liabilities of both parties regarding asset ownership that are consistent with the objectives of Paragraph 5.2.1 and the requirements specified herein.

All Conveyance Agreements shall provide a continuous obligation to serve the Department's requirements even in case of failure of the parties to maintain continuity in the corresponding utility service agreement(s). Conveyance Agreements shall provide suitable terms and conditions that will ensure the Department of continuity of service in the event the New Owner fails to satisfy its obligation to serve.

5.2.3 Commodities. The provision of utility commodities (electrical energy, water, natural gas, wastewater treatment) are not required as features of privatization proposals except where provision or processing of commodities is required by federal, state and/or local law or prudent practicalities.

5.3 Economic/Price Requirements.

5.3.1 Criteria for Conveyance. In accordance with 10 USC 2688, authority to privatize a utility system is subject to the action being in the long-term economic interest of the government. For the purposes of satisfying this requirement, Offeror's price proposal for purchase of system and provision of utility service must provide the Department with greater economics over an analysis term of 25 years. In order to satisfy the statute, the net present value of private ownership costs must be less than the estimated cost of continued government ownership. Or in greater detail, on a present value basis:

NPV of Private Ownership:

Industry Proposed Rates & Charges +
Costs to Execute Conveyance & Transition +
Loss of Asset Residual Value

NPV of Department Ownership:

Govt. O&M +
Imputed Cost of Catastrophic Loss Insurance +
Opportunity Cost of Purchase Payment

5.3.2 Purchase Price. The Purchase price paid by the new owner for assets transferred, as part of the privatization action, shall be applied as a credit to charges for utility services over the term of the initial utility service contract.

5.3.3. Long Term Costs Objective. The Department's long term cost objective for privatization is to secure and maintain long term cost controls comparable to best regulation practices found in the utility industry and provide incentives for the New Owner to pursue continued modernization and technological growth of the asset. Terms and conditions of the conveyance and service agreements shall provide the Department with the proper balance of controls and New Owner incentives such that high quality utilities services are provided at the highest productivity levels and lowest cost over the long term.

5.3.4 Compensation Agreements. Compensation agreements for utility services shall provide predictability of costs, clear pricing formulas, incentives to minimize price escalation and shall not be front end loaded. Cost reimbursable agreements are unacceptable. Department payments for services shall always be after services have been provided.

5.3.5 Contribution in Aid of Construction (CIAC) Taxes. The New Owner is responsible for payment of all Internal Revenue Service CIAC taxes. The Department shall not be liable for underpayment of CIAC taxes after the privatization agreement is signed.

5.3.6 Use of Assets for Service to Others. When assets are used to serve parties other than the Department, New Owner charges to all parties, including the Department, for utility service shall be such that the Department pays no more than its equitable share of utility service costs based on a fair and reasonable allocation, across all parties served, of total utility service costs. The Department requires fair consideration for any and all investment opportunities that the New Owner may gain with conveyance of the System.

5.3.7 Service Contract Term. The term of all service contracts forming part of the privatization agreement shall not exceed 50 years.

5.4 Service Requirements.

5.4.1 Objectives. The Department's service objectives for privatization are to secure and maintain a highly qualified utility service provider who will ensure operational requirements of the Department are fully satisfied, who will respond rapidly and with priority to Force Majeure situations, who will adapt efficiently to the changing needs of the Department and who will invest wisely in the System(s) with a focus on long term performance. Privatization agreements shall be clear and definitive, provide verifiable performance measures, provide increasing levels

of Department controls to remedy performance problems and overall instill a high level of confidence in the Department that utility services will be available, suitable and reliable.

5.4.2 Service Standards. Privatization proposals shall contain service standards which comply with established commercial/industrial/residential service standards and as a minimum shall delineate performance and technical requirements with regard to the parameters and functions of Table IV, as applicable. Standards shall comply with all local, state and federal safety, environmental and regulatory requirements. Standards regarding performance parameters shall be measurable and verifiable by the Department.

TABLE IV: SERVICE STANDARDS PARAMETERS AND FUNCTIONS			
Utility Systems			
Water	Wastewater	Gas	Electric
Quality		Quality	Quality
Reliability	Reliability	Reliability	Reliability
Pressure	Permitting	Pressure	Voltage Regulation
Fire Flow Capacity	Industrial Pre-Treatment Requirements	Demand and Distribution Capacity	Demand and Distribution Capacity
(Left Blank)	Pre-Treatment Requirements of Public Owned Treatment Works	(Left Blank)	Limitation of Fault Current
Minimization of Leaks and Losses	Minimization of Leaks, Infiltration and Inflow	Minimization of Leaks and Losses	Minimization of Losses
Unscheduled Outage Response Time	Unscheduled Outage Response Time	Unscheduled Outage Response Time	Unscheduled Outage Response Time
Safety of Personnel and Property	Safety of Personnel and Property	Safety of Personnel and Property	Safety of Personnel and Property
Programmed Maintenance	Programmed Maintenance	Programmed Maintenance	Programmed Maintenance
Meters: ownership, design, calibration, readings and protection thereof	Meters: ownership, design, calibration, readings and protection thereof	Meters: ownership, design, calibration, readings and protection thereof	Meters: ownership, design, calibration, readings and protection thereof
Service Connection Standards and Specifications	Service Connection Standards and Specifications	Service Connection Standards and Specifications	Service Connection Standards and Specifications
Backflow Prevention	Effluent Stream Limitations	(Left Blank)	(Left Blank)

TABLE IV: SERVICE STANDARDS PARAMETERS AND FUNCTIONS (Continued)			
Utility Systems			
Steam	Hot Water	Compressed Air	Condensate Return
Quality	Quality	Quality	Contamination
Reliability	Reliability	Reliability	Reliability
Pressure	Pressure	Pressure	(Left Blank)
Capacity, demand and distribution capacity	Capacity, demand and distribution capacity	Capacity, demand and distribution capacity	demand and return capacity
Temperature	Temperature	(Left Blank)	(Left Blank)
Chemical Treatment	(Left Blank)	(Left Blank)	(Left Blank)
Minimization of Leaks and Losses	Minimization of Leaks and Losses	Minimization of Leaks and Losses	Minimization of Leaks and Losses
Unscheduled Outage Response Time	Unscheduled Outage Response Time	Unscheduled Outage Response Time	Unscheduled Outage Response Time
Safety of Personnel and Property	Safety of Personnel and Property	Safety of Personnel and Property	Safety of Personnel and Property
Programmed Maintenance	Programmed Maintenance	Programmed Maintenance	Programmed Maintenance
Meters: ownership, design, calibration, readings and protection thereof	Meters: ownership, design, calibration, readings and protection thereof	Meters: ownership, design, calibration, readings and protection thereof	Meters: ownership, design, calibration, readings and protection thereof
Service Connection Standards and Specifications	Service Connection Standards and Specifications	Service Connection Standards and Specifications	Service Connection Standards and Specifications

5.4.3 Changes in Service Standards. Proposals shall provide the Department with rights to modify service standards at any time for any reason with proposed terms for equitable adjustment of price for the utility service.

5.4.4 Maintenance of Assets. The New Owner will have full responsibility for maintenance of the assets. The Privatization agreement shall provide sufficient controls and incentives for the New Owner to pursue continued modernization and technological growth of the asset and to maintain the Utility System such that it is in good working order, is fully functional and presents a suitable appearance.

5.4.5 Disaster Response. Adequate preparations must be taken to assure that sufficient resources and preparations will be provided to restore services discontinued due to Force Majeure in a manner and timeliness consistent with the national security mission of the installation which the system serves.

5.4.6 Regulatory Compliance. Utility services shall be provided in compliance with all federal, state and local laws. Particular concern exists over compliance with environmental, OSHA and utility regulatory requirements.

5.4.7 Qualifications of Assignees to the Estate. Qualifications of assignees or successors to the System estate shall meet the approval of the Department.

5.4.8 Transitions. A transition plan and interim operating procedures are required to provide for continuity of service between public and private ownership.

5.4.9 Coordination. Operating procedures are required to provide for coordination of interfering, overlapping or interdependent actions of both parties required to conduct operation, repair, maintenance, replacement and new installation of facilities, equipment, and infrastructure owned, or the responsibility of, either or both parties.

5.4.10 Service Requests. Operating procedures are required for processing trouble calls, disconnection and reconnection of services, scheduled outages, new connections, providing System Enhancements, responding to requests for technical information, location of underground lines, control of digging (i.e. dig permits), etc.

5.4.11 Joint Use of Infrastructure. The privatization agreement shall provide for joint use of assets for the purposes of minimizing expenses of the parties in operating, repairing, maintaining, replacing or installing new facilities, equipment and infrastructure owned, or the responsibility of, either or both parties (e.g. utility poles, duct banks, trenches, etc.). Terms and conditions of joint use of assets shall provide for equitable treatment of both parties. Such terms and conditions shall also address work and operations of third parties (e.g. construction contractors, commercial enterprises located on installation, etc.).

5.4.12 Access to Infrastructure. Suitable access must be available to both parties to land, facilities, equipment and infrastructure owned, or the responsibility of, either or both parties for the purposes of allowing each party to exercise and fulfill their rights and responsibilities. This may or may not include grants to the New Owner by the Department of certain easements, right-of-ways, permits, licenses and/or terms and conditions for use of land, facilities, equipment and infrastructure.

5.4.13 Use of Assets for Service to Others. Any new owner shall make service available to commercial enterprises, at fair and reasonable rates, located on the Department's installations.

5.4.14 Insurance. Adequate insurance shall be maintained for all activities conducted on Department installations and adequate protection shall be provided to assure that utility services are provided in the event of catastrophic loss of facility infrastructure serving the Department.

5.4.15 Contract clauses. The following contract clauses shall apply to any utility service contract resulting under the privatization agreement. Some clauses may be modified to make suitable for privatization action as allowed by FAR regulations.

5.4.15.1 Full text clauses.

FAR 52.207-3 RIGHT OF FIRST REFUSAL OF EMPLOYMENT (NOV 1991)

(a) The Contractor shall give Government employees who have been or will be adversely affected or separated as a result of award of this contract the right of first refusal for employment openings under the contract in positions for which they are qualified, if that employment is consistent with post-Government employment conflict of interest standards.

(b) Within 10 days after contract award, the Contracting Officer will provide to the Contractor a list of all Government employees who have been or will be adversely affected or separated as a result of award of this contract.

(c) The Contractor shall report to the Contracting Officer the names of individuals identified on the list who are hired within 90 days after contract performance begins. This report shall be forwarded within 120 days after contract performance begins.

FAR 52.241-2, ORDER OF PRECEDENCE-UTILITIES (FEB 1995)

In the event of any inconsistency between the terms of this contract (including the specifications) and any rate schedule, rider, or exhibit incorporated in this contract by reference or otherwise, or any of the Contractor's rules and regulations, the terms of this contract shall control.

FAR 52.241-3 SCOPE AND DURATION OF CONTRACT (FEB 1995).

(a) For the period _____, [insert period of service] the Contractor agrees to furnish and the Government agrees to purchase _____ [insert type of service] utility service in accordance with the applicable tariff(s), rules, and regulations as approved by the applicable governing regulatory body and as set forth in the contract.

(b) It is expressly understood that neither the Contractor nor the Government is under any obligation to continue any service under the terms and conditions of this contract beyond the expiration date.

(c) The Contractor shall provide the Government with one complete set of rates, terms, and conditions of service which are in effect as of the date of this contract and any subsequently approved rates.

(d) The Contractor shall be paid at the applicable rate(s) under the tariff and the Government shall be liable for the minimum monthly charge, if any, specified in this contract commencing with the period in which service is initially furnished and continuing for the term of this contract. Any minimum monthly charge specified in this contract shall be equitably prorated for the periods in which commencement and termination of this contract become effective.

(End of clause)

FAR 52.241-6 SERVICE PROVISIONS (FEB 1995)

(a) Measurement of service. (1) All service furnished by the Contractor shall be measured by suitable metering equipment of standard manufacture, to be furnished, installed, maintained, repaired, calibrated, and read by the Contractor at its expense. When more than a single meter is installed at a service location, the readings thereof may be billed conjunctively, if appropriate. In the event any meter fails to register (or registers incorrectly) the service furnished, the parties shall agree upon the length of time of meter malfunction and the quantity of service delivered during such period of time. An appropriate adjustment

shall be made to the next invoice for the purpose of correcting such errors. However, any meter which registers not more than ____ percent slow or fast shall be deemed correct.

(2) The Contractor shall read all meters at periodic intervals of approximately 30 days or in accordance with the policy of the cognizant regulatory body or applicable bylaws. All billings based on meter readings of less than ____ days shall be prorated accordingly.

(b) Meter test. (1) The Contractor, at its expense, shall periodically inspect and test Contractor-installed meters at intervals not exceeding ____ year(s) The Government has the right to have representation during the inspection and test.

(2) At the written request of the Contracting Officer, the Contractor shall make additional tests of any or all such meters in the presence of Government representatives. The cost of such additional tests shall be borne by the Government if the percentage of errors is found to be not more than ____ percent slow or fast.

(3) No meter shall be placed in service or allowed to remain in service, which has an error in registration in excess of ____ percent under normal operating conditions.

(c) Change in volume or character. Reasonable notice shall be given by the Contracting Officer to the Contractor regarding any material changes anticipated in the volume or characteristics of the utility service required at each location.

(d) Continuity of service and consumption. The Contractor shall use reasonable diligence to provide a regular and uninterrupted supply of service at each service location, but shall not be liable for damages, breach of contract or otherwise, to the Government for failure, suspension, diminution, or other variations of service occasioned by or in consequence of any cause beyond the control of the Contractor, including but not limited to acts of God or of the public enemy, fires, floods, earthquakes, or other catastrophe, strikes, or failure or breakdown of transmission or other facilities. If any such failure, suspension, diminution, or other variation of service shall aggregate more than _____ hour(s) during any billing period hereunder, an equitable adjustment shall be made in the monthly billing specified in this contract (including the minimum monthly charge).

(End of clause)

FAR 52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (OCT 1998)

(a) Definitions.

"Commercial item," as used in this clause, has the meaning contained in the clause at 52.202-1, Definitions.

"Subcontract," as used in this clause, includes a transfer of commercial items between divisions, subsidiaries, or affiliates of the Contractor or subcontractor at any tier.

(b) To the maximum extent practicable, the Contractor shall incorporate, and require its subcontractors at all tiers to incorporate, commercial items or nondevelopmental items as components of items to be supplied under this contract.

(c) Notwithstanding any other clause of this contract, the Contractor is not required to include any FAR provision or clause, other than those listed below to the extent they are applicable and as may be required to establish the reasonableness of prices under Part 15, in a subcontract at any tier for commercial items or commercial components:

(1) 52.222-26, Equal Opportunity (E.O. 11246);

(2) 52.222-35, Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (38 U.S.C. 4212(a));

(3) 52.222-36, Affirmative Action for Workers with Disabilities (29 U.S.C. 793); and

(4) 52.247-64, Preference for Privately Owned U.S.-Flagged Commercial Vessels (46 U.S.C. 1241) (flow down not required for subcontracts awarded beginning May 1, 1996).

(d) The Contractor shall include the terms of this clause, including this paragraph (d), in subcontracts awarded under this contract.

(End of clause)

FAC 52.201-9300, CONTRACTING OFFICER AUTHORITY (JUN 1994)

In no event shall any understanding or agreement between the Contractor and any Government employee other than the Contracting Officer on any contract, modification, change order, letter or verbal direction to the Contractor be effective or binding upon the Government. All such actions must be formalized by a proper contractual document executed by an appointed Contracting Officer. The Contractor is hereby put on notice that in the event a Government employee, other than the Contracting Officer, directs a change in the work to be performed, or increases the scope of the work to be performed, it is the Contractor's responsibility to make inquiry of the Contracting Officer before making the deviation. Payments will not be made without being authorized by an appointed Contracting Officer with the legal authority to bind the Government.

FAC 52.242-9300 GOVERNMENT REPRESENTATIVES (OCT 1996)

a. The contract will be administered by an authorized representative of the Contracting Officer. In no event, however, will any understanding or agreement, modification, change order, or other matter deviating from the terms of the contract between the contractor and any person other than the Contracting Officer be effective or binding upon the Government, unless formalized by proper contractual documents executed by the Contracting Officer prior to completion of this contract. The authorized representatives as indicated hereinafter:

_____ (1) The Contracting Officer's Representative (COR) will be designated by the Contracting Officer as the authorized representative of the Contracting Officer. The COR is responsible for monitoring performance and the technical management of the effort required hereunder, and should be contacted regarding questions or problems of a technical nature.

_____ (2) The designated Contract Specialist will be the Administrative Contracting Officer's representative on all other contract administrative matters. The Contract Specialist should be contacted regarding all matters pertaining to the contract or task/delivery orders.

_____ (3) The designated Property Administrator is the Administrative Contracting Officer's representative on property matters. The Property administrator should be contacted regarding all matters pertaining to property administration.

5.4.15.2 The utility service contract will incorporate the following FAR clauses by reference, with the same force and effect as if they were given in full text. Upon written request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address: <http://www.arnet.gov/far>.

Federal Acquisitions Regulation (48 CFR Chapter 1) Clauses:

FAR 52.202-1	DEFINITIONS (OCT 1995)
FAR 52.203-3	GRATUITIES (APR 1984)
FAR 52.203-5	COVENANT AGAINST CONTINGENT FEES (APR 1984)

FAR 52.203-6	RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (JUL 1995)
FAR 52.203-7	ANTI-KICKBACK PROCEDURES (JUL 1995)
FAR 52.203-8	CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
FAR 52.203-10	PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
FAR 52.203-11	CERTIFICATION AND DISCLOSURE REGARDING PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (APR 1991)
FAR 52.203-12	LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (JUN 1997)
FAR 52.209-6	PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED SUSPENDED, OR PROPOSED FOR DEBARMENT (JUL 1995)
FAR 52.215-2	AUDIT AND RECORDS-NEGOTIATION (JUN 1999)
FAR 52.215-17	WAIVER OF FACILITIES CAPITAL COST OF MONEY (OCT 1997)
FAR 52.219-8	UTILIZATION OF SMALL BUSINESS CONCERNS (JUNE 1999)
FAR 52.219-9	SMALL BUSINESS SUBCONTRACTING PLAN (JAN 1999)
FAR 52.219-14	LIMITATIONS ON SUBCONTRACTING (DEC 1996)
FAR 52.219-16	LIQUIDATED DAMAGES – SUBCONTRACTING PLAN (JAN 1999)
FAR 52.219-23	NOTICE OF PRICE EVALUATION ADJUSTMENT FOR SMALL DISADVANTAGED BUSINESS CONCERNS (OCT 1998)
FAR 52.219-25	SMALL DISADVANTAGED BUSINESS PARTICIPATION PROGRAM – STATUS AND REPORTING (JAN 1999)
FAR 52.220-3	UTILIZATION OF LABOR SURPLUS AREA CONCERNS (APR 1984)
FAR 52.222-1	NOTICE TO THE GOVERNMENT OF LABOR DISPUTES (FEB 1997)
FAR 52.222-3	CONVICT LABOR (AUG 1996)
FAR 52.222-4	CONTRACT WORK HOURS AND SAFETY STANDARDS ACT-OVERTIME COMPENSATION (MAR 1986)
FAR 52.222-21	PROHIBITION OF SEGREGATED FACILITIES (FEB 1999)
FAR 52.222-26	EQUAL OPPORTUNITY (FEB 1999)
FAR 52.222-35	AFFIRMATIVE ACTION FOR DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (APR 1998)
FAR 52.222-36	AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998)
FAR 52.222-37	EMPLOYMENT REPORTS ON DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (JAN 1999)
FAR 52.223-2	CLEAN AIR AND WATER (APRIL 1984)
FAR 52.223-5	POLLUTION PREVENTION AND RIGHT-TO-KNOW INFORMATION (APRIL 1998)
FAR 52.223-6	DRUG-FREE WORKPLACE (JAN 1997)
FAR 52.223-14	TOXIC CHEMICAL RELEASE REPORTING (OCT 1996)
FAR 52.226-1	UTILIZATION OF INDIAN ORGANIZATIONS AND INDIAN-OWNED ECONOMIC ENTERPRISES (MAY 1999)
FAR 52.229-3	FEDERAL, STATE, AND LOCAL TAXES (JAN 1991)
FAR 52.229-5	TAXES – CONTRACTS PERFORMED IN U.S. POSSESSIONS OR PUERTO RICO (APRIL 1984)
FAR 52.230-2	COST ACCOUNTING STANDARDS (APRIL 1998)
FAR 52.230-3	DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (APRIL 1998)
FAR 52.230-6	ADMINISTRATION OF COST ACCOUNTING STANDARDS (APRIL 1996)
FAR 52.232-1	PAYMENTS (APRIL 1984)

FAR 52.232-11	EXTRAS (APRIL 1984)
FAR 52.232-17	INTEREST (JUN 1996)
FAR 52.232-18	AVAILABILITY OF FUNDS (APR 1984)
FAR 52.232-23	ASSIGNMENT OF CLAIMS (JAN 1986)
FAR 52.232-25	PROMPT PAYMENT (JUN 1997)
FAR 52.232-33	PAYMENT BY ELECTRONIC FUNDS TRANSER – CENTRAL CONTRACTOR REGISTRATION (MAY 1999)
FAR 52.233-1	DISPUTES ALTERNATE I (DEC 1998)
FAR 52.233-3	PROTEST AFTER AWARD (AUG 1996)
FAR 52.237-2	PROTECTION OF GOVERNMENT BUILDING, EQUIPMENT, AND VEGETATION (APR 1984)
FAR 52.241-4	CHANGE IN CLASS OF SERVICE (FEB 1995)
FAR 52.241-5	CONTRACTOR'S FACILITIES (1995)
FAR 52.242-13	BANKRUPTCY (APR 1991)
FAR 52.243-1	CHANGES-FIXED PRICE (ALT I)(APRIL 1984)
FAR 52.246-25	LIMITATION OF LIABILITY – SERVICES (FEB 1997)
FAR 52.249-2	TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED- PRICE) (SEP 1996)
FAR 52.249-8	DEFAULT (FIXED-PRICE SUPPLY AND SERVICE) (APR 1984)
FAR 52.253-1	COMPUTER GENERATED FORMS (JAN 1991)
DFARS 252.204-7004	REQUIRED CENTRAL CONTRACTOR REGISTRATION (MAR 1998)
DFARS 252.219-7003	SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (DOD CONTRACTS) (APR 1996)

6. Basis of Selection

For the purposes of evaluation and selection of a best value source, the technical portion is equally important as the economic/price portion of proposals in determining the best value proposal. No preference will be given Aggregated Proposals Vs Single System Proposals. As part of the evaluation process, a risk assessment will be performed on the pricing elements of each proposal. Should pricing and cost projections be unreasonably supported or found to be overly optimistic, the rating of the proposal will be appropriately discounted.

Should the Department be unable to reach a mutually acceptable agreement with the best value source, it reserves the right to terminate discussions and open discussions with the next most highly rated source or reopen negotiations with all qualified sources.

The following factors will be used for the purposes of evaluating proposals:

ECONOMIC/PRICE:

Factor 1: Economic/Price

Subfactors: (1) purchase price for System(s) and price for utility service including 25-year price projection with breakout of capitalization component (2) reasonableness of assumptions supporting prices offered and (3) 10 USC 2688 economic criteria.

Factor 2: Long Term Cost

Subfactors: (1) pricing formula and compensation agreement (2) price controls and incentives.

Note: both economic/price factors are of equal importance in determining overall economic/price evaluation. Likewise for a given factor, corresponding subfactors are of equal importance in evaluation of that economic/price factor.

TECHNICAL:

Factor 1: Service Requirements

Subfactors: (1) service standards (2) regulatory compliance and liability issues (3) capitalization of asset (4) operation and maintenance plan (5) transition plan.

Factor 2: Past Experience and Performance - experience and past performance in the ownership, operation and/or maintenance of system(s).

Factor 3: Financial Capability - financial capacity to purchase, expand, operate and maintain the System(s) proposed for sale.

Factor 4: Support for small business and small disadvantaged business and women-owned small business program.

Subfactors: (1) Small Business Past Performance and (2) Subcontracting plan effort.

Note: The subcontracting plan will be evaluated for support of Small Business, Small Disadvantaged Businesses and Women-Owned Small Businesses and considering the following:

1. The extent to which such firms are specifically identified.
2. The extent of commitment to use such firms.
3. The realism of the proposal.
4. The extent of participation of such firms in terms of the value of the total acquisition and the percentage of subcontracted effort.

The Navy goals in terms of percentage of all subcontracted work in dollars are:

62% for Small Businesses.

12% for Small Disadvantaged Businesses (SDB) 5% for Women Owned Small Businesses (WOSB) &

5% Historically Black Colleges / Universities/ Minority Institutions (HBCU/MI).

Small Business Offerors shall certify their Small Business status and will be rated Superior for this factor.

Note: the four technical factors are of equal importance in determining overall technical evaluation. Likewise for a given factor, corresponding subfactors are of equal importance in evaluation of that technical factor.

7. Content of Proposals

Sources will be requested to submit proposals describing both the technical and financial features of their proposed agreement for the privatization of the specified utility systems. Prior to preparation, Offerors should review carefully all provisions of this solicitation including the Appendices to assure themselves of a thorough understanding of the Department's requirements and attend the applicable site visits.

- a. The Offeror shall submit the following information:

Volume I – Economic/Price Proposal (5 copies bound separately)

Volume II - Technical Proposal (5 copies bound separately)

- b. For both Volumes I and II, the Offeror shall identify each by using the system designation of Table II for those systems which the proposal covers.

- c. Those responding to this solicitation are encouraged to use creativity, skill and expertise in proposing offers, which will be advantageous to the Department. Offers may contain proposals to utilize excess capacity or property to reduce costs to the Department for the operation and maintenance of utility infrastructure. As a minimum each proposal shall address the following elements:

VOLUME I – ECONOMIC/PRICE PROPOSAL

Factor 1: ECONOMIC/PRICE

The Offeror shall delineate in the proposal the purchase price of the estate and the terms and conditions of the Conveyance Agreement. The Conveyance Agreement shall be described in such a manner to demonstrate how the objectives of Section 5, Paragraphs 5.2.1, 5.3.3 and 5.4.1 are supported and satisfied.

The Offeror shall delineate in the proposal price/pricing formula offered for the initial utility service contract. The Offeror shall also list and describe all assumptions that prices are based on. The Offeror shall describe how the price for successor utility service contracts will be determined. The Offeror shall use this pricing data and pricing formula(s) to complete the format of Appendix E for a 25-year economic life. Projected payments by the Department for utility services listed in Appendix E by the Offeror shall breakout projected capitalization costs. For Aggregate Proposals, Appendix E shall be completed for each System and for the sum of all Systems included in the proposal. The Offeror shall delineate in the proposal a pricing formula for Enhancements, service requests, trouble calls, and other anticipated utility services that may be required by the Department from time to time and are considered above and beyond the responsibility of the New Owner to provide in the basic agreement.

The proposal shall clearly define what is considered a System Enhancement and above and beyond the responsibility of the New Owner to provide. Such Enhancements shall be provided by the New Owner if and only if requested by the Department. All utility services not considered such an Enhancement shall be the responsibility of the New Owner to provide without further charge to the Department.

Factor 2 – LONG TERM COSTS

Objectives – the Offeror shall describe how the proposed privatization agreement supports and satisfies requirements of Section 5, Paragraphs 5.2.1 and 5.3.3.

Compensation Agreements - The Offeror shall delineate the proposed compensation agreement for utility services provided by the New Owner and describe how requirements of Section 5, Paragraph 5.3.4 will be satisfied. The offeror shall state whether or not associated utility commodities will be provided by the New Owner or the Department and give reasons why commodities cannot or should not be provided by the Department. Proposals shall provide for separate compensation terms and conditions for provision or processing of utility commodities.

Termination for Convenience - The Offeror shall describe any additional terms and conditions to be applied to FAR 52.249-2, the purpose thereof and the impact on the Department's payment to the New Owner in the event of termination by the Department for convenience.

Service Contract Term - The Offeror shall indicate the proposed service contract term.

VOLUME II - TECHNICAL PROPOSAL

Factor 1 - SERVICE REQUIREMENTS

Objectives – the Offeror shall describe how the proposal supports and satisfies the service objectives of Section 5 Paragraphs 5.2.1 and 5.4.1.

Service Standards – The Offeror shall provide a comprehensive description of proposed service standards for the systems covered by the proposal and the Offeror shall address how such proposed service standards satisfy the requirements of Section 5 Paragraph 5.4.2. Include service standards performance measurements and means of verification provided to the Department. The proposal shall describe how different service standards apply to different service conditions (e.g. commercial, industrial and residential operations).

Maintenance of Assets – the Offeror shall describe how the proposal ensures modernization and technological growth of the asset as well as maintenance of the System's functionality and appearance.

Disaster Response – The offeror shall describe the resources and preparations to be provided to in case of service interruptions as a result of Force Majeure in a manner and timeliness consistent with the national security mission of the installation as described in paragraph 5.4.5.

Utilities Regulatory Compliance and Liability Issues – The Offeror shall describe how the proposal satisfies the requirements of paragraph 5.4.6 related to applicable laws governing ownership and operations of utility systems. The Offeror shall provide a detailed analysis of applicable State and local utility regulatory requirements that would apply if privatization occurs and the Offeror is required to provide the services requested. Specifically, the analysis should address: (1) whether or not ownership and operation of the Utility System and provision of required services to the Department and other entities located on an installation would infringe upon exclusive rights held by other entities to own or operate such Systems or to provide such services and (2) what regulatory approvals, if any, would the Offeror be required to obtain from any State or local regulatory authorities to own or operate the Utility System and provide the required services, and if the Offeror does not currently have the required regulatory approvals, a plan and timetable for obtaining same.

Environmental Regulatory Compliance and Liability Issues - The Offeror shall describe how the proposal satisfies the requirements of paragraph 5.4.6 related to compliance with applicable environmental and safety laws and regulations. The Offeror shall specifically address federal, state and local environmental protection regulations and delineate the Offeror's plan for compliance with such regulatory requirements. Environmental responsibilities and liabilities of both parties shall be described in detail.

Occupational Safety and Health (OSHA) Regulatory Compliance and Liability Issues - The Offeror's proposal shall address federal, state and local occupational safety and health (OSHA) regulations and delineate the Offeror's plan for compliance with such regulatory requirements and describe the remaining Department regulatory responsibilities.

Qualifications of Assignees to the Estate - The Offeror shall describe the proposed Department rights and controls over the qualifications of any entities that the Offeror may choose to sell or convey the System to.

Transition Plan - The Offeror shall present a comprehensive transition plan as required by paragraph 5.4.8 to include a time line, leading from contract award to ownership and the assumption of responsibility for operating and maintaining the System(s). This transition plan must, at a minimum, address the following items:

1. All issues which impact the continuous operation of the system during the process of ownership change, such as temporary joint operation, manner of transferring records, physical and financial responsibility for inventories and other consumable items during transition, responsibility for operating the System and responsibility for maintaining the System.
2. How new operators of the System and those responsible for maintenance, will be trained to understand the System in terms of its historical evolution and its current requirements.
3. The plan by which the respondent's personnel will integrate with existing Base procedures in terms of operating hours, security, scheduling of necessary outages, emergency contacts, permits, road closures, etc.
4. The impacts on current Department work force and the efforts that will be undertaken to mitigate any relocations or displacements.
5. Identification of any construction work, permits, applications, approvals, etc., necessary to effect the transfer of ownership and responsibility for operation and maintenance.
6. Identify all other significant technical and managerial challenges that may be encountered, and define the process by which these challenges will be managed to achieve a smooth and successful transition.
7. How subsequent transitions will be planned, organized and executed where Offeror assigns estate to another party.

Coordination - The Offeror shall describe proposed terms and conditions intended to satisfy the requirements of Section 5, Paragraph 5.4.9.

Service Requests - The Offeror shall describe proposed terms and conditions for satisfying the requirements of Section 5, Paragraph 5.4.10.

Joint Use of Infrastructure - The Offeror shall describe proposed terms and conditions for satisfying the requirements of Section 5, Paragraph 5.4.11.

Access to Infrastructure - The Offeror shall describe proposed terms and conditions for satisfying the requirements of Section 5, Paragraph 5.4.12.

Use of Assets for Service to Others - The Offeror shall describe proposed terms and conditions for satisfying the requirements of Section 5, Paragraphs 5.3.6 and 5.4.13 to include the proposed use of assets by the new owner for providing utility services to parties other than the Department and those private parties located on the installation. Fully describe the proposed procedure for allocating new owner revenue requirements between the Department and other parties and the proposed billing process to be applied to all customers after privatization.

Insurance – The Offeror shall describe insurance coverage proposed for the privatization agreement. The Offeror shall describe how the replacement of property in case of damage or loss will be provided as well as damages to persons because of accident or injury relating to the new owners utility systems operations.

Default by the New Owner - The Offeror shall describe any additional terms and conditions to be applied to FAR 52.249-8 and the purpose thereof. The Offeror shall describe the proposed measures of default with regard to service standards and terms and conditions of Department rights to remedy default. The Offeror shall describe contingencies provided to the Department in case of default to ensure reliable service is continuously maintained.

Technical Information - The Offeror shall describe how technical information shall be managed and the means by which access will be provided to the Department.

Operation and Maintenance Plan - The Offeror shall provide a comprehensive narrative description of how it plans to operate and maintain the Utility System in a manner that will satisfy, at a minimum, the requirements in this solicitation. The plan should be proposed in detail and must include, at a minimum, the elements listed below.

1. Staffing for operations and routine maintenance purposes. State the number of personnel in each category that would be utilized for operation and routine maintenance of the System. State the physical location of these employees and describe any other duties or assignments that they would have. If less than the full time of these employees would be utilized for operation and routine maintenance of the facilities, which are the subject of this solicitation, define how their time would be prioritized and managed. Identify major items of equipment that would be maintained on-site or nearby.
2. Identify operating procedures, including management, as pertains to service standards, service quality monitoring and compliance, training, record and drawing creation and management, safety, regulatory and environmental compliance plans.
3. Define the elements of the maintenance program, including routine maintenance, maintenance standards, testing, cleaning, replacement, training, and safety.
4. Describe how systems will be monitored, including manual meter readings, automatic meter readings, use of SCADA, and other monitoring/measurement techniques.
5. Describe the staffing and management personnel to be available to insure prompt response in emergency situations. State the proposed guaranteed maximum response time to emergency service needs. Define the duties of the respondent, and those proposed for the Department as a part of this plan.
6. Define the process by which facility expansions increased service might be requested by the Department, identified by the respondent on its own, and how they would be approved and implemented.
7. Provide the resumes of the key operating and management personnel who would be responsible for privatized systems.

Factor 2 - EXPERIENCE AND PAST PERFORMANCE

The Offeror shall demonstrate in the proposal experience (including subcontractors) in specific system ownership, operation and maintenance of utility systems over the last 10 years. The experience should be of similar or greater size and complexity as the utility(s) covered by the Offeror's proposal. Provide the names, titles, current addresses and telephone numbers of representative customers and annual dollar values. The Offeror shall provide results of any customer satisfaction surveys and assessments. The Department will use the references provided for "Experience" and may consider other available sources to evaluate the Offeror's "Past Performance".

For each system, items to be addressed include the following as applicable:

1. Name of system.
2. How long system has been owned.
3. How long Offeror has had operation and maintenance responsibilities.
4. Geographic dimension of area served (e.g. 4 square miles).
5. Description of system:
 - a. Electrical distribution system
 - i. Voltage levels.
 - ii. Miles of overhead line.
 - iii. Miles of underground line.
 - iv. Number of transformers.
 - v. Number of buildings served.
 - vi. Number of meters.
 - b. Natural gas distribution system.
 - i. Miles of distribution pipe and range of pipe sizes.
 - ii. Pressure of System.
 - iii. Number of buildings served.
 - iv. Number of meters.
 - c. Water systems
 - i. Miles of distribution pipe and range of pipe sizes.
 - ii. Pressure of distribution System.
 - iii. Number of buildings served.
 - iv. Number of meters.
 - v. Number and capacity of storage tanks.
 - vi. Description of supply source (ground water, surface water, etc), if applicable.
 - vii. Description of treatment facilities, if any.

- d. Wastewater system
 - i. Miles of collection pipe and range of pipe sizes.
 - ii. Number of lift stations.
 - iii. Number of buildings served.
 - iv. Nature and type of treatment facilities, if any.
- e. Electrical, steam, hot water and compressed air production facilities
 - i. Steam generation capacity, temperature and pressure.
 - ii. Electrical generation capacity and voltage.
 - iii. Miles of hot water distribution, range of pipe sizes, distribution temperate and number of buildings served.
 - iv. Compressed air production capacity, type of compressors, miles of distribution pipe, range of pipe sizes, distribution pressure and number of loads served.
 - v. Description of plant. Include number boilers and capacity, number of electric generators, type and capacity, type and capacity of water treatment Systems, type of plant control Systems, type of air pollution abatement Systems and fuels burned.
- f. Steam distribution and condensate return
 - i. Miles of steam distribution, range of pipe sizes, distribution pressure and temperature and number buildings served.
 - ii. Miles of condensate return.
- g. Hot water distribution
 - i. Miles of hot water distribution, range of pipe sizes, distribution temperate and number of buildings served.
- 6. Number of environmental permits held and description of permit compliance requirements. Provide points of contact with names and current phone numbers.
- 7. Number and type of regulatory permits or other authorities held and description. Provide points of contact with names and current phone numbers.
- 8. Number of environmental agency compliance disputes over the last five years and outcomes. Provide points of contact with names and current phone numbers.
- 9. Number of lawsuits with customers and former owner of property and outcomes.
- 10. Number of OSHA claimed violations or disputes over the last five years and outcomes. Number of lost time accidents and their duration over the last five years.

Factor 3 - FINANCIAL CAPABILITY

The Offeror must provide full and complete information concerning its financial condition, and the financial condition (and relationship) of any affiliate, joint venture or other entity that would be involved in the ownership, operation and maintenance of the Systems that are the

subject of this RFP. The Offeror shall provide a narrative description of available financial resources, including declaration of the financial capability of the respondent to purchase, expand, operate and maintain a system of the size and complexity of the system, which is proposed for privatization.

The Offeror shall provide clear indication of identify of proposed new, prime utility service contractor and any other companies involved and their roles and responsibilities.

The following additional information, at a minimum, is required:

1. A brief narrative history of the entity. Include a listing of any affiliated companies, joint ventures, or other related entities. Describe in detail the organizational and legal structure of the entity and all component companies including subsidiaries.
2. Audited financial statements and SEC Form 10-Ks for the three most recent fiscal years.
3. Revenue produced by operating and maintaining Systems similar to that which is the subject of this RFP, for each of the three most recent fiscal years.
4. A listing of bond ratings by Standard & Poor's, Moody's, Duff & Phelps and/or Fitch.
5. If the Offeror is relying upon credit support or backing from an entity that is not the Offeror, provide all of the same information requested above with respect to such other entity or entities, and specifically define the extent to which obligations would be assumed by these other entities.

In addition to the above, the Offeror must provide a complete financing plan, including assurances of the availability of funds to acquire the Department properties.

If an entity other than the Offeror is relied upon for financial backing or commitment, a draft form of irrevocable letters of commitment for financial support from the parent corporation or the guarantor must be submitted.

The Offeror should list similar projects previously financed, the nature of the financing, and the financing plan followed. Include a list of entities that have provided debt and equity capital to these prior ventures. Provide the names, titles, current addresses and telephone numbers of the contacts for these entities.

Factor 4: SUPPORT FOR SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS AND WOMEN-OWNED SMALL BUSINESS PROGRAM

Subfactor A – Small Business Past Performance: If large business, contractors are required to submit a recent Standard Form 294, Subcontracting Report for Individual Contracts and SF 295, Summary Report to evaluate past performance in support of Small Business and Small Disadvantaged Business and Women-Owned Small Businesses. For Small Businesses, contractors are not required to submit a subcontracting plan nor a SF 294 or SF 295, but must self certify as a Small Business.

Subfactor B - Subcontracting plan effort: The following, together with any attachments, is submitted to satisfy the applicable requirements of the subcontracting effort factor for project N62470-00-R-3600. If a large business, contractors are required to submit a subcontracting plan that conforms to the requirements of FAR Clause 52.219-9 and DFAR Clause 252.219-7003.

8. Preparation of Offer

a. Prospective offerors are expected to examine the complete solicitation package including all appendices, attachments, etc. Failure to do so will be at the Offeror's own risk. Submission of Technical and Economics/Price Proposal are subject to the provisions identified in Appendix C of this solicitation.

Mailed proposals shall be mailed to:

Commander
Atlantic Division (Attn: Code 0214)
1510 Gilbert Street
Norfolk, VA 23511-2699

Hand-carried or express mailed proposals shall be delivered to:

Commander
Atlantic Division (Attn: Code 0214)
6506 Hampton Boulevard, Bldg. A
3rd Floor, Contracts Office
Norfolk, VA 23508

b. Each prospective Offeror should acknowledge in writing receipt of any amendments to this solicitation. Such acknowledgment should be given in the cover letter of the submission packages as follows for each amendment issued:

“Receipt of amendment [insert amendment number] is acknowledged.”

c. No oral changes shall be made to the solicitation.

d. There will be no public opening of proposals. All proposals will be confidential until the Department either enters into an agreement with a New Owner or determines privatization is uneconomical. Each Offeror may identify proprietary information, which is not to be made public.

e. The Technical and Economic/Price Proposal text should be typed, single space, Courier font, 12 pitch (or equivalent) and submitted on standard (8-1/2" x 11") paper, single side only with foldouts no more than 17" long. For Single System Proposals, Technical and Economic/Price portions combined shall not exceed 200 pages in length, including attachments, cover page and table of contents. A Single System Proposal exceeding the page limit shall be evaluated only on the first 200 pages. For Aggregate Proposals, Technical and Economic/Price portions combined shall not exceed 350 pages in length, including attachments, cover page and table of contents. An Aggregate Proposal exceeding the page limit shall be evaluated only on the first 350 pages. References from one area of the Technical and Economic/Price Proposal to another are permissible to avoid unnecessary duplication of information. Clear and specific responses to each solicitation item are required.

f. Volume II shall be organized according to evaluation factors.

g. General organization/format. Follow the instructions below:

(1) Title page and Table of Contents to include identification of all tables, charts, figures, attachments, indexes, etc.

(2) Proposals shall be bound and submitted in separate volumes with the content as specified in Section 7. The proposals shall be bound in such a fashion that the Department can detach sections and subsections without tearing pages.

Because the content of proposals describe the capability of the Offeror to participate in this effort, it should be specific and complete in every detail. Proposals which merely offer to provide service in accordance with the Department's requirements will be considered unacceptable. Proposals should be structured in the same order as the criteria list herein.

Five (5) copies of the Technical and Economic/Price Proposal shall be submitted. Each Offeror is invited to submit additional information believed to be pertinent. However, unnecessarily long or elaborate brochures or other presentations are not required and are discouraged.

9. Single, Aggregate and Multiple Proposals.

In order to provide Offerors the maximum flexibility and to potentially realize benefits of economies of scale, Offerors may submit multiple proposals within the following limitations:

- i. Single System Proposal(s) are allowed for any and all Systems listed in Table II but not more than one Single System proposal per system.
- ii. One Aggregate Proposal is allowed for each State within Utilities Privatization Area A covering the Offeror's desired combination of systems within the applicable state.
- iii. In addition to the above, one Aggregate Proposal is allowed for Utilities Privatization Area A covering the Offeror's desired combination of systems listed in Table II.

Aggregate proposals must contain all information necessary for complete and total evaluation without references to any other documentation even if identical information is contained in another Single System Proposal. Aggregate Proposals must contain complete pricing information for each individual system proposed for privatization as part of an Aggregate System Proposal.

10. Limitations

The Department is undertaking this solicitation for the purpose of selecting a best value source for negotiation of a superior business agreement for the privatization of the specified Utility System and the provision of required utility services for the foreseeable future.

While the Department intends to enter into a privatization agreement with the Offeror selected through the solicitation process, it is under no obligation to do so, and reserves the right to cancel this solicitation and reject all submissions.

The Department reserves the right to suspend or modify all aspects of this solicitation and to waive informalities and minor irregularities in offers received where it is in the best interest of the Government to do so.

By participating in the solicitation process, Offerors agree to hold the United States, its officers, employees and consultants harmless from all claims, liabilities and costs related to all aspects of this solicitation.

11. Points of Contact

FOR RFP CONTRACTUAL AND TECHNICAL QUESTIONS FOLLOW E-MAIL INSTRUCTIONS AT www.efdsouth.navfac.navy.mil/eb AND SUBMIT TO:

Clenton A. Shanks, CONTRACT SPECIALIST AT:

**Commander, Atlantic Division
Naval Facilities Engineering Command
Attn: Code 02146
1510 Gilbert St.
Norfolk, VA 23511-2699**

Fax (757)-322-4178

12. Appendices

APPENDIX A – Public Law 105-85, Section 2812 codified in 10 U.S.C. §2688

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

Sec. 2812. PERMANENT AUTHORITY REGARDING CONVEYANCE OF UTILITY SYSTEMS,

(a) In General.--Chapter 159 of title 10, United States Code, is amended by inserting after section 2687 the following new section:

§2688. Utility Systems: conveyance authority

(a) Conveyance Authority.--The Secretary of a military department may convey a utility system, or part of a utility system, under the jurisdiction of the Secretary to a municipal, private, regional, district, or cooperative utility company or other entity. The conveyance may consist of all right, title, and interest of the United States in the utility system or such lesser estate as the Secretary considers appropriate to serve the interests of the United States.

(b) Selection of Conveyee.--If more than one utility or entity referred to in subsection (a) notifies the Secretary concerned of an interest in a conveyance under such subsection, the Secretary shall carry out the conveyance through the use of competitive procedures.

(c) Consideration.--(1) The Secretary concerned shall require as consideration for a conveyance under subsection (a) an amount equal to the fair market value (as determined by the Secretary) of the right, title, or interest of the United States conveyed. The consideration may take the form of--

(A) a lump sum payment; or

(B) a reduction in charges for utility services provided by the utility or entity concerned to the military installation at which the utility system is located.

(2) If the utility services proposed to be provided as consideration under paragraph (1) are subject to regulation by a Federal or State agency, any reduction in the rate charged for the utility services shall be subject to establishment or approval by that agency.

(d) Treatment of Payments.--(1) A lump sum payment received under subsection (c) shall be credited, at the election of the Secretary concerned--

(A) to an appropriation of the military department concerned available for the procurement of the same utility services as are provided by the utility system conveyed under this section;

(B) to an appropriation of the military department available for carrying out energy savings projects or water conservation projects; or

(C) to an appropriation of the military department available for improvements to other utility systems.

(2) Amounts so credited shall be merged with funds in the appropriation to which credited and shall be available for the same purposes, and subject to the same conditions and limitations, as the appropriation with which merged.

(e) Notice-and-Wait Requirement.--The Secretary concerned may not make a conveyance under subsection (a) until--

(1) the Secretary submits to the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on National Security and the Committee on Appropriations of the House of Representatives an economic analysis (based upon accepted life-cycle costing procedures approved by the Secretary of Defense) demonstrating that--

(A) the long-term economic benefit of the conveyance to the United States exceeds the long-term economic cost of the conveyance to the United States; and

(B) -the conveyance will reduce the long-term costs of the United States for utility services provided by the utility system concerned; and

(2) a period of 21 days has. elapsed after the date on which the economic analysis is received by the committees.

(f) Additional Terms and Conditions.--The Secretary concerned may require such additional terms and conditions in connection with a conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

(g) Utility System Defined.--(1) In this section, the term 'utility system' means any of the following:

- (A) A system for the generation and supply of electric power.
- (B) A system for the treatment or supply of water.
- (C) A system for the collection or treatment of wastewater.
- (D) A system for the generation or supply of steam, hot water, and chilled water.
- (E) A system for the supply of natural gas.
- (F) A system for the transmission of telecommunications.

(2) The term 'utility system' includes the following:

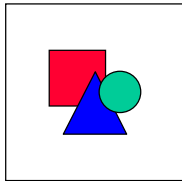
(A) Equipment, fixtures, structures, and other improvements utilized in connection with a. system referred to in paragraph (1).

(B) Easements and rights-of-way associated with a system referred to in that paragraph.

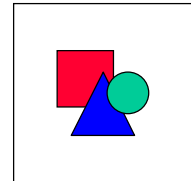
(h) Limitation.--This section shall not apply to projects constructed or operated by the Army Corps of Engineers under its civil works authorities.

(b) Clerical Amendment.--The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2687 the following new item: "2688. Utility systems: conveyance authority."

APPENDIX B – Department of Defense Reform Initiative Directive #49 - Privatizing Utility Systems



**DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010**



23 DEC 1998

MEMORANDUM SECRETARIES OF THE MILITARY DEPARTMENTS
FOR CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Department of Defense Reform Initiative Directive #49 - Privatizing Utility Systems

As you know, Defense Reform Initiative Directive (DRID) #9 directed the Military Departments to develop plans for privatizing electric, water, waste water, and natural gas utility systems, and required the Under Secretary of Defense for Acquisition and Technology (USD(A&T)) to develop uniform criteria for the Military Departments to apply in determining security and economic exemptions from this directive. The purpose of this DRID is to reset the goal for this initiative, establish the approach to its management and oversight, and convey guidance for assessing exemptions, conducting the divestiture of utility assets using competitive procedures, and performing economic analyses of the transactions.

Since issuing DRID #9, both the number of utility systems available for consideration and the complexity of issues surrounding these transactions have multiplied. As a result the Military Departments should now revise their plans to accommodate award of privatization contracts for all utility systems no later than September 30, 2003 (except those exempted in accordance with the attached guidance). To ensure progress towards the new utility privatization goal, these new plans should also adhere to two interim milestones. The first requires the completion by September 30, 2000 of a determination for all systems of whether or not to pursue privatization. The second interim milestone requires all solicitations to be released no later than September 30, 2001.

The Military Departments shall submit revised plans for utility privatization to the USD(A&T) no later than December 23, 1998. These plans shall provide an inventory of all utility systems, including those proposed for exemption, as well as a management plan that indicates the schedule on which each system will reach key milestones - synopses/Notice of Intent, study complete, solicitation, and contract award. The USD(A&T) will complete and submit to me an initial assessment of those plans no later than January 22, 1999.

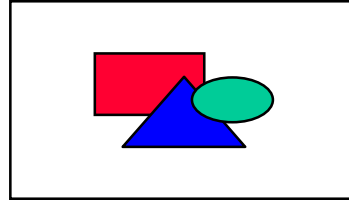
Thereafter, the Military Departments will submit quarterly reports to the USD(A&T) describing each system's progress through the milestones. The first will be due April 15, 1999 with data as of March 31, 1999. The reports should also address to the USD(A&T) issues identified during privatization studies conducted in the previous quarter. These issues should include proposals to improve efficiency and eliminate barriers to effective privatization.

Success in this initiative will require innovative business approaches. To foster one such innovation, I encourage the Military Departments to work with one another and the Defense Energy Support Center (DESC) to initiate during 1999 at least one joint, regional utility privatization plan. The purpose of this pilot will be to provide the Military Departments an opportunity to utilize DESC services while exploring the promise of some alternative approaches to conducting these divestitures.

The attached guidance governs the privatization of electric, water, waste water, and natural gas utility systems as directed by the DRI. It sets forth the criteria for exempting systems from the privatization program, for using competitive procedures, and for conducting the economic analyses. Utility privatization will be pursued at all major and minor installations worldwide not previously designated for closure by the Base Realignment and Closure Act. While some exemptions may be necessary, they should be rare and taken only under the authority of the Secretaries of the Military Departments. The use of competitive procedures, which already is required by statute (CICA and Section 2688), is reiterated in the guidance. The guidance establishes how the economic analyses should account for the costs of operations, maintenance, and system improvements that would be incurred by the Department if the systems were operated and maintained at accepted industry standards.

Finally, the USD(A&T) should work with the Military Departments to determine the necessity of legislative relief from two obstacles: the 10-year limitation on utility service contracts and the tax treatment of utility system conveyances.

While utility privatization presents several tough challenges it also offers great opportunities. I expect the Military Departments to work privatization hard, finding those business innovations that will garner the maximum benefit for the Department and the American taxpayer.



John J. Hamre

Attachment

Attachment

PRIVATIZATION OF DEFENSE UTILITY SYSTEMS

I. PURPOSE

Section 2688 of title 10, United States Code, provides to the Secretary of a Military Department authority to convey all Defense utility systems, including electric, water, waste water, and natural gas, as well as steam, hot and chilled water, and telecommunications systems. The Defense Reform Initiative (DRI) stated that the Department of Defense (DoD) would privatize all electric, water, wastewater, and natural gas utility systems, except where privatization is uneconomical or where unique security reasons require ownership by the Department. While the DRI did not specifically direct the privatization of steam, hot and chilled water, and telecommunications at this time, it does not prohibit such privatization. The DRI's objective is to get DoD out of the business of owning, managing, and operating utility systems by privatizing them. Defense Reform Initiative Directive (DRID) #9 required the Under Secretary of Defense (Acquisition and Technology) to establish guidance for the privatization of electric, water, waste water, and natural gas utility systems. This document provides that guidance.

II. SCOPE

A. Definitions

1. A "utility system" means any system for the generation and supply of electric power, for the treatment or supply of water, for the collection or treatment of wastewater, and for the supply of natural gas. For the purpose of this definition, supply shall include distribution. A utility system includes equipment, fixtures, structures, and other improvements utilized in connection with the systems described above, as well as the easements or rights-of-way associated with those systems. A utility system does not include any projects constructed or operated by the Army Corps of Engineers under its civil works authorities nor does it include any interest in real property other than an easement or right-of-way associated with the utility system.

2. "Secretary" refers to the Secretary of the Military Department that has jurisdiction over the utility system.

3. "Military Department" or "Department" refers to the Department that has jurisdiction over the utility system.

B. The Military Departments are authorized to convey a utility system to any municipal, private, regional, district or cooperative utility company or to any other entity under this authority in accordance with applicable state and local laws. In the case of overseas utility systems, privatization will comply with appropriate agreements and applicable host nation laws.

C. The privatization of utilities and utility systems is to be conducted at all installations, both in the United States and overseas, that have utility systems available to convey. All Active Duty, Reserve, and Guard installations, both major and minor, not currently designated for closure under the Base Realignment and Closure (BRAC) Act, will be considered candidates for utility system privatization. BRAC closure constitutes privatization of the entire installation to include utility systems. All BRAC designated installation closures will be transferred/privatized in accordance with appropriate closure laws and agreements.

D. While 10 U.S.C. 2688 governs the privatization of the utility system, the acquisition of utility services, even when a part of the privatization, is governed by 40 U.S.C. 481 and FAR Part 41.

III. EXEMPTIONS FROM PRIVATIZATION

A. The DRI exempts from privatization those utility systems that would be uneconomical to privatize, or those for which unique security reasons exist not to privatize.

B. Unique Security Reasons

1. A utility system is exempt from the privatization requirement set out in DRID #9 when either the Secretary concerned or the Principal Staff Assistant for a Defense Agency certifies to the Under Secretary of Defense (Acquisition & Technology) that unique security reasons require that the United States own the system.

2. "Unique security reasons" are situations in which:

a) ownership of the utility system by a private utility or other entity would substantially impair the mission of the Department concerned; or

b) ownership of the utility system by a private utility or other entity would compromise classified operations or property

C. Privatization is Uneconomical

1. A utility system is exempt from the privatization requirement set out in DRID #9 when either the Secretary concerned or the Principal Staff Assistant for a Defense Agency certifies to the Under Secretary of Defense (Acquisition & Technology) that privatization is uneconomical.

2. Privatization may be considered "uneconomical" only when:

- a) there is a demonstrated lack of market interest, as indicated by a lack of response from any utility company or other responsive and responsible entity to an announcement of the intention to privatize; or
- b) the long-term cost to the Department as a result of privatization would be greater than the long-term benefits; or
- c) the long-term cost to the Department for utility services provided by the utility system concerned will not be reduced.

IV. COMPETITIVE PROCEDURES

Competitive procedures will be used in conducting the privatization of utility systems. In advance of issuance of the solicitation, the Military Departments must determine whether there is market interest in acquiring the utility system. The Departments should synopses in the Commerce Business Daily (normally by publishing a notice of intent) and other available public media. The synopses shall indicate that the Department is considering privatizing its utilities, state the type and location of those utilities, and request that interested parties communicate their interest to a specified point of contact within the Department concerned. The synopses' results will form the basis of the competition analysis necessary for the Department to determine the proper competition strategy.

If the installation resides in an area served by a franchised and regulated utility, that franchise holder shall not be considered the presumptive conveyee, nor shall another responsible and responsive utility or entity that expresses interest be excluded from the competition. State law and regulatory policy should be considered when determining the form of competition for franchised and regulated utilities. Where state law and regulatory policy specifically prohibits competition, a sole-source negotiation may be pursued after evaluating response to the synopses. The Military Department, however, may not rely on the assertions of the franchised or regulated utility in this regard. Rather, it must make an independent legal finding that the franchised or regulated utility is the only entity authorized to own and operate the utility system to be privatized.

A. The competitive procedures must ensure that the utility services resulting from privatization are sufficient to support installation missions in a reliable and resource efficient manner.

B. Military Departments should consider how different regulatory environments might affect the determination of rate structures for any utility service contracts entered into beyond the end of the initial utility service contract. Special consideration should be given when contracting with a utility or other entity that is not subject to price regulation or that is price self-regulated. The non- or self-regulated environment may present considerable barriers to ensuring the strength of the Department's negotiation position for the follow-on service contract. The Department shall contract in a manner that will mitigate the risk it bears in subsequent contracts. Some risk mitigation methods to consider include: contractually establishing a regulatory scheme in the initial conveyance/service contract, retaining

actual land ownership, and conveying a lesser estate as considered appropriate by the Secretary and as authorized by Section 2688.

C. The solicitation shall require that if the utility system under consideration for privatization will continue in operation after conveyance, the recipient shall take all actions necessary to ensure that the system complies with all applicable legal and regulatory requirements. If the utility system under consideration for privatization will instead be replaced, the new system must also comply with the above requirements.

D. The solicitation shall contain a provision plainly stating that the Department cannot guarantee that it will enter into a contract at the end of the solicitation process. The provision must express that the success of the solicitation is contingent upon the ability to certify to Congress that the long-term economic benefit of the conveyance exceeds the long-term economic costs, and that the conveyance will reduce the long-term costs to the Department concerned for utility services provided.

E. The Military Departments shall conduct all utility privatizations consistent with all other applicable legal and regulatory requirements, including any environmental analysis requirements.

F. After determining that privatization is uneconomical or is precluded by security considerations, efforts should be made to award an Energy Savings Performance Contract (ESPC), to competitively source the operation of those systems, or pursue other cost savings measures.

V. CONGRESSIONAL NOTIFICATION REQUIREMENTS

Section 2688 of title 10 requires that the Secretary concerned submit to the Defense Committees of Congress an analysis that demonstrates that the long-term economic benefit of the conveyance exceeds the long-term economic cost, and that the conveyance will reduce the long-term costs to the Department concerned for utility services provided by the subject utility system. The Secretary concerned shall not proceed with conveyance of the utility system until 21 days have elapsed after the committees receive the economic analysis.

A. The economic analysis must take into account the costs for operation, maintenance, and system improvements that would be incurred by the Department if the systems were operated and maintained in accordance with accepted industry practice and all applicable legal and regulatory requirements. The direct proceeds (if any) from a conveyance and the future cost of utility services to be obtained if the conveyance is made must also be considered.

B. Methodological Assumptions and Parameters

1. The basic parameters involved in the economic analysis, such as economic life and period of analysis, are those specified in DOD Instruction 7041.3. Other parameters shall also be included in the analysis, if necessary. All parameters should be clearly explained and justified.

2. For the purposes of the economic analysis, "long-term" refers to the economic life of the utility system under consideration for privatization. (Note: Economic life of the utility system under consideration for conveyance need not be the same as the life of the contract for utility services.)

3. Life-cycle cost analysis shall be treated/conducted as specified in OMB Circular A-94.

a) Should a general inflation assumption be necessary, the inflation rate specified in section 7 of Circular A-94 is recommended. This shall be the rate used in converting costs and benefits from real to nominal values, and vice versa.

b) The discount factor utilized in the economic analysis shall be as described in section 8 of Circular A-94 and as specified in Appendix C of the circular. While the real discount rate is usually preferable, if future benefits and costs are given in nominal terms, then the nominal rate shall be used. Real and nominal values may not be combined in the same analysis.

4. Since the actual costs that the Department concerned incurs in operating and maintaining its utility systems may reflect inadequate maintenance and condition, the economic analysis must include the costs that should be incurred if the systems were operated and maintained in accordance with all applicable legal and regulatory requirements. The object of this approach is to bring a degree of parity to the costs reflected in the proposals and the economic baseline survey developed by the Department.

VI. FINANCIAL MANAGEMENT

A. Section 2688 of title 10 requires the recipient utility or entity to pay fair market value, as determined by the Secretary concerned, for the utility system. This consideration for the conveyance may be accepted in the form of a lump sum payment or a reduction in charges for utility services provided by the utility being conveyed to the military installation at which the system is located. The treatment of a lump sum payment received in consideration for the sale of a utility system should be handled in accordance with procedures described in the Financial Management Regulations (FMR).

B. If the Secretary concerned elects to receive consideration through a reduction in charges for utility services provided to the military installation, the time period for reduction in charges for services provided by the privatized utility shall not be longer than the life of the contract for utility services.

C. When structuring an agreement for privatization of a utility system, the Secretary concerned may require additional terms and conditions as a part of the sale of the utility system as he or she considers appropriate to protect the interests of the United States.

APPENDIX C

Provisions Applicable to this Request for Proposals (Full Text)

FAR 52.204-3 TAXPAYER IDENTIFICATION (OCT 1998)

(a) *Definitions.*

"Common parent," as used in this provision, means that corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the offeror is a member.

"Taxpayer Identification Number (TIN)," as used in this provision, means the number required by the Internal Revenue Service (IRS) to be used by the offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

(b) All offerors must submit the information required in paragraphs (d) through (f) of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the IRS. If the resulting contract is subject to the payment reporting requirements described in Federal Acquisition Regulation (FAR) 4.904, the failure or refusal by the offeror to furnish the information may result in a 31 percent reduction of payments otherwise due under the contract.

(c) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the offeror's TIN.

(d) *Taxpayer Identification Number (TIN).*

* TIN: _____.

* TIN has been applied for.

* TIN is not required because:

* Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;

* Offeror is an agency or instrumentality of a foreign government;

* Offeror is an agency or instrumentality of the Federal Government.

(e) *Type of organization.*

* Sole proprietorship;

* Partnership;

* Corporate entity (not tax-exempt);

* Corporate entity (tax-exempt);

* Government entity (Federal, State, or local);

* Foreign government;

* International organization per 26 CFR 1.6049-4;

* Other _____.

(f) *Common parent.*

* Offeror is not owned or controlled by a common parent as defined in paragraph (a) of this provision.

* Name and TIN of common parent:

Name _____

TIN _____

(End of provision)

FAR 52.204-5 WOMEN-OWNED BUSINESS (OTHER THAN SMALL BUSINESS) (MAY 1999)

(a) *Definition.* "Women-owned business concern," as used in this provision, means a concern that is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of its stock is owned by one or more women; and whose management and daily business operations are controlled by one or more women.

(b) *Representation.* [Complete only if the offeror is a women-owned business concern and has not represented itself as a small business concern in paragraph (b)(1) of FAR 52.219-1, *Small Business Program Representations*, of this solicitation.] The offeror represents that it * is a women-owned business concern.

(End of provision)

FAR 52.204-6 DATA UNIVERSAL NUMBERING SYSTEM (DUNS) NUMBER (JUN 1999).

(a) The offeror shall enter, in the block with its name and address on the cover page of its offer, the annotation "DUNS" followed by the DUNS number that identifies the offeror's name and address exactly as stated in the offer. The DUNS number is a nine-digit number assigned by Dun and Bradstreet Information Services.

(b) If the offeror does not have a DUNS number, it should contact Dun and Bradstreet directly to obtain one. A DUNS number will be provided immediately by telephone at no charge to the offeror. For information on obtaining a DUNS number, the offeror, if located within the United States, should call Dun and Bradstreet at 1-800-333-0505. The offeror should be prepared to provide the following information:

- (1) Company name.
- (2) Company address.
- (3) Company telephone number.
- (4) Line of business.
- (5) Chief executive officer/key manager.
- (6) Date the company was started.
- (7) Number of people employed by the company.
- (8) Company affiliation.

(c) Offerors located outside the United States may obtain the location and phone number of the local Dun and Bradstreet Information Services office from the Internet home page at <http://www.customerservice@dnb.com>. If an offeror is unable to locate a local service center, it may send an e-mail to Dun and Bradstreet at globalinfo@mail.dnb.com.

(End of provision)

FAR 52.209-5 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT, AND OTHER RESPONSIBILITY MATTERS (MAR 1996)

(a)(1) The Offeror certifies, to the best of its knowledge and belief, that--

(i) The Offeror and/or any of its Principals--

(A) Are are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

(B) Have have not , within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract;

violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

(C) Are are not presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subdivision (a)(1)(i)(B) of this provision.

(ii) The Offeror has has not , within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.

(2) "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (*e.g.*, general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

This Certification Concerns a Matter Within the Jurisdiction of an Agency of the United States and the Making of a False, Fictitious, or Fraudulent Certification May Render the Maker Subject to Prosecution Under Section 1001, Title 18, United States Code.

(b) The Offeror shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(c) A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Offeror's responsibility. Failure of the Offeror to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Offeror nonresponsible.

(d) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

(e) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

(End of provision)

FAR 52.215-16 FACILITIES CAPITAL COST OF MONEY (OCT 1997)

(a) Facilities capital cost of money will be an allowable cost under the contemplated contract, if the criteria for allowability in subparagraph 31.205-10(a)(2) of the Federal Acquisition Regulation are met. One of the allowability criteria requires the prospective contractor to propose facilities capital cost of money in its offer.

(b) If the prospective Contractor does not propose this cost, the resulting contract will include the clause Waiver of Facilities Capital Cost of Money.

(End of provision)

FAR 52-219-1 SMALL BUSINESS PROGRAM REPRESENTATIONS (MAY 1999)

(a)(1) The standard industrial classification (SIC) code for this acquisition is 4939.

(2) The small business size standard is \$5,000,000.

(3) The small business size standard for a concern which submits an offer in its own name, other than on a construction or service contract, but which proposes to furnish a product which it did not itself manufacture, is 500 employees.

(b) *Representations.* (1) The offeror represents as part of its offer that it * is, * is not a small business concern.

(2) [Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.] The offeror represents, for general statistical purposes, that it * is, * is not, a small disadvantaged business concern as defined in 13 CFR 124.1002.

(3) [Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.] The offeror represents as part of its offer that it * is, * is not a women-owned small business concern.

(c) *Definitions.*

"Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR Part 121 and the size standard in paragraph (a) of this provision.

"Women-owned small business concern," as used in this provision, means a small business concern--

(1) Which is at least 51 percent owned by one or more women or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and

(2) Whose management and daily business operations are controlled by one or more women.

(d) *Notice.* (1) If this solicitation is for supplies and has been set aside, in whole or in part, for small business concerns, then the clause in this solicitation providing notice of the set-aside contains restrictions on the source of the end items to be furnished.

(2) Under 15 U.S.C. 645(d), any person who misrepresents a firm's status as a small, small disadvantaged, or women-owned small business concern in order to obtain a contract to be awarded under the preference programs established pursuant to section 8(a), 8(d), 9, or 15 of the Small Business Act or any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall--

(i) Be punished by imposition of fine, imprisonment, or both;

(ii) Be subject to administrative remedies, including suspension and debarment; and

(iii) Be ineligible for participation in programs conducted under the authority of the Act.

FAR 52.219-22 SMALL DISADVANTAGED BUSINESS STATUS (OCT 1998)

(a) *General.* This provision is used to assess an offeror's small disadvantaged business status for the purpose of obtaining a benefit on this solicitation. Status as a small business and status as a small disadvantaged business for general statistical purposes is covered by the provision at FAR 52.219-1, Small Business Program Representation.

(b) *Representations.* (1) *General.* The offeror represents, as part of its offer, that it is a small business under the size standard applicable to this acquisition; and either--

* (i) It has received certification by the Small Business Administration as a small disadvantaged business concern consistent with 13 CFR 124, Subpart B; and

(A) No material change in disadvantaged ownership and control has occurred since its certification;

(B) Where the concern is owned by one or more disadvantaged individuals, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and

(C) It is listed, on the date of this representation, on the register of small disadvantaged business concerns maintained by the Small Business Administration or

* (ii) It has submitted a completed application to the Small Business Administration or a Private Certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR 124, Subpart B, and

a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since its application was submitted.

(2) * *For Joint Ventures.* The offeror represents, as part of its offer, that it is a joint venture that complies with the requirements at 13 CFR 124.1002(f) and that the representation in paragraph (b)(1) of this provision is accurate for the small disadvantaged business concern that is participating in the joint venture. [*The offeror shall enter the name of the small disadvantaged business concern that is participating in the joint venture:_____.*]

(c) *Penalties and Remedies.* Anyone who misrepresents any aspects of the disadvantaged status of a concern for the purposes of securing a contract or subcontract shall--

(1) Be punished by imposition of a fine, imprisonment, or both;

(2) Be subject to administrative remedies, including suspension and debarment; and

(3) Be ineligible for participation in programs conducted under the authority of the Small Business Act.

(End of provision)

FAR 52.222-22 PREVIOUS CONTRACTS AND COMPLIANCE REPORTS (FEB 1999)

The offeror represents that—

(a) It [] has, [] has not participated in a previous contract or subcontract subject either to the Equal Opportunity clause of this solicitation, the clause originally contained in Section 310 of Executive Order No. 10925, or the clause contained in Section 201 of the Executive Order No. 11114;

(b) It [] has, [] has not, filed all required compliance reports; and

(c) Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

FAR 52.222-24 PREAWARD ON-SITE EQUAL OPPORTUNITY COMPLIANCE EVALUATION (FEB 1999)

If a contract in the amount of \$10 million or more will result from this solicitation, the prospective Contractor and its known first-tier subcontractors with anticipated subcontracts of \$10 million or more shall be subject to a preaward compliance evaluation by the Office of Federal Contract Compliance Programs (OFCCP), unless, within the preceding 24 months, OFCCP has conducted an evaluation and found the prospective Contractor and subcontractors to be in compliance with Executive Order 11246.

(End of provision)

FAR 52.222-25 AFFIRMATIVE ACTION COMPLIANCE (APR 1984)

The offeror represents that (a) it [] has developed and has on file, [] has not developed and does not have on file, at each establishment, affirmative action programs required by the rules and regulation of the Secretary of Labor (41 CFR 60-1 and 60-2), or (b) it [] has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.

FAR 52.223-1 CLEAN AIR AND WATER CERTIFICATION (APR 1984)

The Offeror certifies that—

(a) Any facility to be used in the performance of this proposed contract [] is, [] is not listed on the Environmental Protection Agency (EPA) List of Violating Facilities;

(b) The Offeror will immediately notify the Contracting Officer, before award, of the receipt of any communication from the Administrator, or a designee, of the EPA, indicating that any facility that the Offeror proposes to use for the performance of the contract is under consideration to be listed on the EPA List of Violating Facilities; and

(c) The Offeror will include a certification substantially the same as this certification, including this paragraph (c) , in every nonexempt subcontract.

FAR 52.223-13 CERTIFICATION OF TOXIC CHEMICAL RELEASE REPORTING (OCT 1996)

(a) Submission of this certification is a prerequisite for making or entering into this contract imposed by Executive Order 12969, August 8, 1995.

(b) By signing this offer, the offeror certifies that--

(1) As the owner or operator of facilities that will be used in the performance of this contract that are subject to the filing and reporting requirements described in section 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11023) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13106), the offeror will file and continue to file for such facilities for the life of the contract the Toxic Chemical Release Inventory Form (Form R) as described in sections 313(a) and (g) of EPCRA and section 6607 of PPA; or

(2) None of its owned or operated facilities to be used in the performance of this contract is subject to the Form R filing and reporting requirements because each such facility is exempt for at least one of the following reasons: *[Check each block that is applicable.]*

* (i) The facility does not manufacture, process, or otherwise use any toxic chemicals listed under section 313(c) of EPCRA, 42 U.S.C. 11023(c);

* (ii) The facility does not have 10 or more full-time employees as specified in section 313(b)(1)(A) of EPCRA, 42 U.S.C. 11023(b)(1)(A);

* (iii) The facility does not meet the reporting thresholds of toxic chemicals established under section 313(f) of EPCRA, 42 U.S.C. 11023(f) (including the alternate thresholds at 40 CFR 372.27, provided an appropriate certification form has been filed with EPA);

* (iv) The facility does not fall within Standard Industrial Classification Code (SIC) designations 20 through 39 as set forth in section 19.102 of the Federal Acquisition Regulation; or

* (v) The facility is not located within any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, the Northern Mariana Islands, or any other territory or possession over which the United States has jurisdiction.

(End of provision)

FAR 52.230-1 COST ACCOUNTING STANDARDS NOTICES AND CERTIFICATION (APR 1998)

Note: This notice does not apply to small businesses or foreign governments. This notice is in three parts, identified by Roman numerals I through III.

Offerors shall examine each part and provide the requested information in order to determine Cost Accounting Standards (CAS) requirements applicable to any resultant contract.

If the offeror is an educational institution, Part II does not apply unless the contemplated contract will be subject to full or modified CAS coverage pursuant to 48 CFR 9903.201-2(c)(5) or 9903.201-2(c)(6), respectively.

I. Disclosure Statement--Cost Accounting Practices and Certification

(a) Any contract in excess of \$500,000 resulting from this solicitation will be subject to the requirements of the Cost Accounting Standards Board (48 CFR Chapter 99), except for those contracts which are exempt as specified in 48 CFR 9903.201-1.

(b) Any offeror submitting a proposal which, if accepted, will result in a contract subject to the requirements of 48 CFR Chapter 99 must, as a condition of contracting, submit a Disclosure Statement as required by 48 CFR 9903.202. When required, the Disclosure Statement must be submitted as a part of the offeror's proposal under this solicitation unless the offeror has already submitted a Disclosure Statement disclosing the practices used in connection with the pricing of this proposal. If an applicable Disclosure Statement has already been submitted, the offeror may satisfy the requirement for submission by providing the information requested in paragraph (c) of Part I of this provision.

Caution: In the absence of specific regulations or agreement, a practice disclosed in a Disclosure Statement shall not, by virtue of such disclosure, be deemed to be a proper, approved, or agreed-to practice for pricing proposals or accumulating and reporting contract performance cost data.

(c) Check the appropriate box below:

* (1) *Certificate of Concurrent Submission of Disclosure Statement.* The offeror hereby certifies that, as a part of the offer, copies of the Disclosure Statement have been submitted as follows:

(i) Original and one copy to the cognizant Administrative Contracting Officer (ACO) or cognizant Federal agency official authorized to act in that capacity (Federal official), as applicable; and

(ii) One copy to the cognizant Federal auditor.

(Disclosure must be on Form No. CASB DS-1 or CASB DS-2, as applicable. Forms may be obtained from the cognizant ACO or Federal official and/or from the loose-leaf version of the Federal Acquisition Regulation.)

Date of Disclosure Statement: _____ Name and Address of Cognizant ACO or Federal Official Where Filed: _____

The offeror further certifies that the practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the Disclosure Statement.

* (2) *Certificate of Previously Submitted Disclosure Statement.* The offeror hereby certifies that the required Disclosure Statement was filed as follows:

Date of Disclosure Statement: _____ Name and Address of Cognizant ACO or Federal Official Where Filed: _____

The offeror further certifies that the practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the applicable Disclosure Statement.

* (3) *Certificate of Monetary Exemption.* The offeror hereby certifies that the offeror, together with all divisions, subsidiaries, and affiliates under common control, did not receive net awards of negotiated prime contracts and subcontracts subject to CAS totaling more than \$25 million (of which at least one award exceeded \$1 million) in the cost accounting period immediately preceding the period in which this proposal was submitted. The offeror further certifies that if such status changes before an award resulting from this proposal, the offeror will advise the Contracting Officer immediately.

* (4) *Certificate of Interim Exemption.* The offeror hereby certifies that (i) the offeror first exceeded the monetary exemption for disclosure, as defined in (3) of this subsection, in the cost accounting period immediately preceding the period in which this offer was submitted and (ii) in accordance with 48 CFR 9903.202-1, the offeror is not yet required to submit a Disclosure Statement. The offeror further certifies that if an award resulting from this proposal has not been made within 90 days after the end of that period, the offeror will immediately submit a revised certificate to the Contracting Officer, in the form specified under subparagraph (c)(1) or (c)(2) of Part I of this provision, as appropriate, to verify submission of a completed Disclosure Statement.

Caution: Offerors currently required to disclose because they were awarded a CAS-covered prime contract or subcontract of \$25 million or more in the current cost accounting period may not claim this exemption (4). Further, the exemption applies only in connection with proposals submitted before

expiration of the 90-day period following the cost accounting period in which the monetary exemption was exceeded.

II. Cost Accounting Standards--Eligibility for Modified Contract Coverage

If the offeror is eligible to use the modified provisions of 48 CFR 9903.201-2(b) and elects to do so, the offeror shall indicate by checking the box below. Checking the box below shall mean that the resultant contract is subject to the Disclosure and Consistency of Cost Accounting Practices clause in lieu of the Cost Accounting Standards clause.

* The offeror hereby claims an exemption from the Cost Accounting Standards clause under the provisions of 48 CFR 9903.201-2(b) and certifies that the offeror is eligible for use of the Disclosure and Consistency of Cost Accounting Practices clause because during the cost accounting period immediately preceding the period in which this proposal was submitted, the offeror received less than \$25 million in awards of CAS-covered prime contracts and subcontracts, or the offeror did not receive a single CAS-covered award exceeding \$1 million. The offeror further certifies that if such status changes before an award resulting from this proposal, the offeror will advise the Contracting Officer immediately.

Caution: An offeror may not claim the above eligibility for modified contract coverage if this proposal is expected to result in the award of a CAS-covered contract of \$25 million or more or if, during its current cost accounting period, the offeror has been awarded a single CAS-covered prime contract or subcontract of \$25 million or more.

III. Additional Cost Accounting Standards Applicable to Existing Contracts

The offeror shall indicate below whether award of the contemplated contract would, in accordance with subparagraph (a)(3) of the Cost Accounting Standards clause, require a change in established cost accounting practices affecting existing contracts and subcontracts.

yes no
(End of provision)

FAR 52.233-2 SERVICE OF PROTEST (AUG 1996)

(a) Protests, as defined in section 33.101 of the Federal Acquisition Regulation, that are filed directly with an agency, and copies of any protests that are filed with the General Accounting Office (GAO), shall be served on the Contracting Officer (addressed as follows) by obtaining written and dated acknowledgment of receipt from _____. [Contracting Officer designate the official or location where a protest may be served on the Contracting Officer.]

(b) The copy of any protest shall be received in the office designated above within one day of filing a protest with the GAO.

(End of Provision)

FAR 52.241-1 ELECTRIC SERVICE TERRITORY COMPLIANCE REPRESENTATION (FEB 1995)

(a) The Offeror represents as part of its offer that the Offeror's sale of electricity in accordance with the terms and conditions of this solicitation is * is not * consistent with Public Law 100-202, section 8093.

(b) The Offeror's supporting rationale is as follows:

(End of provision)

Provisions incorporated by reference.

FAR 52.215-1 Instructions to Offerors - Competitive Acquisition (Alt I) (Oct 1997)

APPENDIX D – System Descriptions

The following system descriptions are provided as general information on the overall scope of system configuration and services provided. More detailed descriptions will be provided in data packages and the Department assumes no liability for the accuracy or use of the following information.

NAES LAKEHURST

0001AA. Electrical Distribution

Electrical power is supplied by Jersey Central Power & Light Co. (GPU) with a peak demand of 7215 KW and an annual consumption of 34,600 MWH. Power is distributed At 34.5 KV and 4.16 KV. The Governments distribution system consists of approximately 438,990 circuit feet and 28,300 connected KVA.

0001AB. Potable Water Distribution

Raw water is supplied by eighteen wells. Raw water is treated at four treatment plants. A portion of the base receives potable water from the Borough of Lakehurst. Total consumption averages 382,000 gallons per day. The Navy's distribution system consists of 34,000 linear feet of pipe up to 10 inches in diameter, two elevated storage tanks, two ground level storage tanks, and two hydro-pneumatic tanks for a combined storage volume of 731,000 gallons. A portion of the distribution system is combined potable and fire protection.

0001AC. Non-Potable Water Distribution

Fire protection for a portion of the base is provided by a non-potable water system. Water is supplied by two wells and one pond. The Navy's distribution system consists of 21,000 linear feet of pipe up to 16 inches in diameter, two ground level storage tanks for a combined storage volume of 750,000 gallons.

0001AD. Wastewater Collection

Wastewater is sent to Ocean County Utility Authority for treatment and disposal. The Navy's collection system consists of 50,000 linear feet of pipe, fifteen lift stations, and thirteen septic tanks.

NASJRB WILLOW GROVE

0002AA, 0003AA. Electric Distribution

Exelon Energy presently provides Naval Air Station Willow Grove electric supply and transmission services through the electric utility distribution company PECO. The estimated peak demand is 4500 kW with an annual consumption of 20,000 MWH. Power is received at 34.5 and 13.2 kV and distributed at 4.16 and 2.4 kV at both Navy owned and Air Force owned substations. The Government's distribution system consists of approximately 200,000 circuit feet and 17,000 connected kVA. The housing complex located on the former Warminster base receives service for approximately 200 units from a separate Navy owned substation.

0002AB, 0003AB. Potable Water Distribution

Water: Potable water is supplied to NASJRB Willow Grove by two wells that draw water from the Stockton aquifer. The raw water is treated through a stripping tower and chlorinated before being sent into the distribution system. Consumption for the past 24 months has averaged 200,000 gpd. The Navy's distribution system consists of approximately 32,000 linear feet of pipe up to 12-inches in diameter and two ground level storage tanks with a combined capacity of 1,000,000 gallons. The system is a combined potable and fire protection system. The Warminster housing area is served by the local municipality.

0002AC, 0003AC. Wastewater Collection

Wastewater: Wastewater is collected and sent to an on-site 1 MGD wastewater treatment plant. The treatment plant utilizes trickling filters, methane recovery sludge digestion, and chlorine disinfection. The collection system consists of approximately 26,000 linear feet of pipe and fourteen lift stations. The Warminster housing area is served by the local municipality.

0003AD. Natural Gas Distribution

Natural Gas is supplied by PECO Energy Company with an annual consumption of 298,986 CCF. The Navy's distribution system consists of approximately 1.2 miles of pipe.

SUBASE NEW LONDON**0004AA. Electrical Production and Distribution, Steam Production, Hot Water Production, Compressed Air Production and Distribution****0004AD. Steam Distribution and Condensate Return****0004AE. Hot Water Distribution**

The City of Groton, Department of Utilities supplies electrical power with a historical peak demand of 25,760 kW and an annual consumption of 156,893 MWH. Power is distributed at 13.8 kV. The Government's distribution system consists of approximately 189,221 circuit feet and 153,795 connected KVA.

The central power plant has 5 generators. One is a double automatic extraction, condensing steam turbine generator rated for 3.5 MW at 2.4KV. One is a single automatic backpressure steam turbine generator rated for 5 MW at 13.8 kV. One is a single automatic extraction condensing steam turbine generator rated for 5 MW at 13.8 kV. One is a dual-fuel combustion turbine equipped with a heat recovery boiler rated for 5 MW at 13.8 kV. There is also a diesel generator, with a 1.5 MW prime rating and a 1.75 MW standby rating.

The central power plant has five boilers that burn No. 2 fuel oil and natural gas to produce electricity, steam and hot water. The plant's five boilers have a total capacity of 382,200 pph of 600 psig, 700 °F superheated steam. Boiler steam feeds the steam turbines at 600 psig and is extracted at 200 and 5 psig. The 200 psig-extracted steam is exported to base heating systems via the steam distribution system. The 5 psig steam makes hot water for the base hot water distribution system. Hot water is made with two steam/hot water heat exchangers and circulated by three 3000 gpm pumps.

The central power plant has four 750 cfm air compressors that serve the compressed air distribution system.

A condensate return system retrieves condensed steam from buildings for recycling through the central plant.

The central plant has a demineralizer train for treating makeup water for the plant. This system also produces demineralized water for the submarines.

The distribution systems are installed in various manners such as direct buried, aboveground, and underground trench. The steam distribution system is approximately 15 linear miles of pipe up to 10 inches in diameter. The hot water distribution system is approximately 6 linear miles of pipe up to 14 inches in diameter. The condensate distribution system is approximately 14 linear miles of pipe up to 4 inches in diameter. The compressed air distribution system is approximately 6 linear miles of pipe up to 6 inches in diameter.

0004AB, 0005AA, 0006AA, 0007AA, 0008AA, 0009AA. Potable Water Distribution

Potable water is purchased from the City of Groton. The system consists of the main base and off base housing. Consumption for the past 12 months has averaged 66 million gallons per month. The Navy's distribution system consists of approximately 45 miles of pipe up to 12-inches in diameter, two elevated steel tanks (750,000 and 300,000 gallons), and three (500,000, 350,000, and 200,000 gallon) ground level storage tanks. The systems are combined potable and fire protection system.

0004AC, 0005AB, 0006AB, 0007AB, 0008AB, 0009AB. Wastewater Collection

Wastewater is discharged to the Town of Groton. The system consists of the main base and off base housing. The monthly water usage for the past 12 months has averaged 66 million gallons per month. The collection system consists of approximately 48 miles of pipe, 10 lift stations, and an Oily Water and Waste Oil Treatment Facility.

NSY PORTSMOUTH

0010AA. Electrical Production and Distribution, Steam Production, Hot Water Production, Compressed Air Production and Distribution

0010AE. Steam Distribution and Condensate Return

0010AF. Hot Water Distribution

Electric power is supplied by Central Maine Power Co. with a peak demand of 14,133 KW and an annual consumption of 66,920.0 MWH. Power is distributed at 34.5 KV and 13.2 KV. The Government's distribution system consists of approximately 490,200 circuit feet and 29,385 connected KVA.

The central power plant has three generators. Two are steam driven, double extraction turbines with capacities of 7.5 MW and 3.5 MW. There is also one 600 KW emergency diesel generator.

There is a project underway to install a 5.2 MW gas turbine generator with heat recovery steam generator rated at approximately 25,000 lb/hr of steam output and additional after burners capable of boosting the steam output to 70,000 lb/hr. Upon completion of the gas turbine generator, two of the existing turbines will be retained in service, the other existing turbine will remain in place and out of service. The estimated completion date of the construction phase of the new turbine is Sept 2000.

The central power plant has four boilers operating at 600 psig, 700 degree F to produce steam, hot water, and electricity. The boilers are presently being converted to burn natural gas at the primary fuel. The boiler capacities are three 120,000 lbs/hr and one 150,000 lbs/hr. Boiler steam feeds the steam turbines at 600 psig and is extracted at 195 psig and 5 psig. The 195 psig steam is reduced to 125 psig and exported to base heating systems via the steam distribution system. The 5 psig steam makes hot water for the base hot water distribution system. Condensate is also returned to the power plant through a distribution system.

The central power plant has four 1000 HP air compressors producing compressed air at 105 psig to serve the distribution system as well as uses within the power plant. The combined capacity of the compressors is 14,000 scfm.

The distribution systems are primarily installed in a trench system. The steam distribution system is approximately 6 linear miles of pipe up to 10 inches in diameter. The hot water distribution system is approximately 7 linear miles of pipe up to 12 inches in diameter. The condensate distribution system is approximately 6 linear miles of pipe up to 6 inches in diameter. The compressed air distribution system is approximately 7 linear miles of pipe up to 10 inches in diameter.

0010AB. Potable Water Distribution

0010AC. Non-Potable Water Distribution

Potable water is purchased from the town of Kittery, Maine (Kittery Water District) via two 12-inch connections, both connections are metered. Consumption for fiscal year 1998 averaged approximately 1.4 mgd. The Navy's distribution system consists of a booster pump station, approximately 73,000 feet of pipe up to 16-inches in diameter, one 1,000,000 gallon elevated storage tank and two fire pump stations. The majority of the system is a combined potable and fire protection system. Additionally, there are 200 Navy owned housing units located approximately -mile off base that receives water service from the Kittery Water District.

0010AD. Wastewater Collection

Wastewater System Wastewater is discharged to the town of Kittery, Maine (Kittery Sewer District) for treatment and disposal via one 12-inch force main, which is metered. Wastewater flow averaged approximately 575,000 gpd during fiscal year 1998. The Navy's collection system consists of approximately 50,000 feet of pipe and three lift stations. Additionally, there are 200 Navy owned housing units located approximately -mile off base that receives wastewater service from the Kittery Sewer District.

NAVSTA NEWPORT

0011AA, 0012AA. Electric Distribution

Electrical power is supplied by Newport Electric Co. with a peak demand of 19,752 KW and an annual consumption of 110,029.8 MWH. Power is distributed at 69 KV and 13.8 KV. The Government's distribution system consists of approximately 577,000 circuit feet and 78,800 connected KVA.

0011AB, 0012AB. Potable Water Distribution

Water is purchased from the City of Newport. The average daily usage is approximately 1.25 mgd. The distribution system consists of approximately 50 miles of pipe up to 12-inches in diameter, six storage tanks with a combined capacity of 8.25 million gallons, and 6 pump stations.

0011AC, 0012AC. Wastewater Collection

Wastewater is discharged to the City of Newport for treatment and disposal. The collection system consists of approximately 51 miles of pipe up to 21-inches in diameter and 17 lift stations.

0011AD. Natural Gas Distribution

Natural gas is supplied by Providence Gas with an annual consumption of 6,024,181 CCF. The Navy's distribution system consists of approximately 5.3 miles of pipe.

NSS MECHANICSBURG

0013AA. Electrical Distribution

Exelon Energy presently provides Naval Support Station, Mechanicsburg, Pennsylvania electric supply and transmission services through the electric utility distribution company PP&L. The peak demand is 15,944 kW with an annual consumption of 69,000 MWH. Power is distributed at 12.47 kV. The Government's distribution system consists of approximately 206,000 circuit feet and 15,000 connected kVA.

0013AB. Potable Water Distribution

Potable water is purchased from the Pennsylvania American Water Company and the United Water Company. Consumption for the past 12 months has averaged 203,000 gallons per day. The Navy's distribution system consists of approximately 20 miles of pipe up to 12-inches in diameter, three 250,000 gallon elevated potable water storage tanks, and one 250,000 gallon ground level reservoir for fire protection at a single facility. The system is a combined potable and fire protection system.

0013AC. Wastewater Collection

Wastewater is discharged to the Hampden Township Sewer Authority. The monthly discharge for the past 12 months has averaged 112,000 gallons per day. The collection system consists of approximately 11 miles of pipe up to 15-inches in diameter and four lift stations.

NSS PHILADELPHIA

0014AA. Electrical Distribution

Electrical power is supplied by Exelon Energy through PECO Energy distribution with a peak demand of 7,500 kW and an annual consumption of 33,000 MWH. Power is distributed at 13.2 kV. The Government's distribution system consists of approximately 58,000 circuit feet.

0014AB. Potable Water Distribution

Potable water is purchased from the Philadelphia Water Department. Consumption for the past 12 months has averaged 3,200,000 gallons per month. The Navy's distribution system consists of approximately 2 miles of pipe up to 6-inches in diameter. There is also a separate fire protection distribution system that consists of approximately 4 miles of pipe up to 10-inches in diameter.

0014AC. Wastewater Collection

Wastewater is discharged to the City of Philadelphia. The monthly discharge for the past 12 months has averaged 3,200,000 gallons per month. The collection system consists of approximately 3 miles of pipe up to 10 - inches in diameter.

NWS EARLE

0015AA, 0016AA. Electric Distribution

Electrical power is supplied by Jersey Central Power & Lighting with a peak demand of 8800 kW and an annual consumption of 32,360 MWh. Power is distributed at 13.2 kV, 8.32 kV and 4.16 kV. The Government's distribution system consists of approximately 143,700 linear feet of overhead line and 80,300 linear feet of underground and submarine line.

0015AB, 0016AB. Potable Water Distribution

Potable water is purchased from the New Jersey American Water Company (NJAWC) onsumption for the past 12 months has averaged 160,000 gallons per day. The Navy's distribution system consists of approximately 143,000 feet of pipe up to 12-inches in diameter, one 300,000 gallon standpipe used for fire protection storage and four 250,000 gallon standpipes, and two fire pump stations. The majority of the system is a combined potable and fire protection system.

0015AC, 0016AC. Wastewater Collection

The Naval Station contains an administrative area and a waterfront area. Normandy Road connects the two areas. The two areas have independent wastewater collection and treatment systems. Wastewater generated at the administrative area is treated at a Navy owned 370,000 gallon per day wastewater treatment plant (WWTP) that is capable of tertiary treatment. Wastewater generated at the waterfront area is discharged to the Town of Middletown Sewage Authority (TOMSA) for treatment and disposal. The Navy's collection system consists of approximately 46,000 feet of pipe up to 12-inches in diameter and six lift stations

NAS BRUNSWICK

0017AA, 0018AA, 0019AA. Electrical Distribution

Electrical Power is supplied by Central Maine Power Co. with a peak demand of 4130 KW and an annual consumption of 28,980 MWH.. Power is distributed at 34.5 KV and 4.16 KV. The Government's distribution system consists of approximately 26,730 circuit feet and 16,525 connected KVA.

0017AB, 0018AB, 0019AB. Potable Water Distribution

Potable water is purchased from the Brunswick and Topsham Water District. NAS Brunswick includes the main base and off-base housing areas. Consumption for the past 24 months has averaged 11.0 million gallons per month. The Navy's distribution system consists of approximately 22 miles of pipe up to 20-inches in diameter, two concrete ground level storage tanks (250,000 and 350,000 gallons), and one 575,000 gallon elevated storage tank. The water distribution systems are combined potable and fire protection systems except on the main base around the runway area where a non-potable system is located to serve the fire protection needs for the hangers and runway.

0017AC, 0018AC, 0019AC. Wastewater Collection

Wastewater is discharged to the Brunswick Sewer and Topsham Sewer Authorities for treatment and disposal. NAS Brunswick includes the main base and off-base housing areas. The monthly discharge for the past 24 months has averaged 11.0 million gallons per month. The collection system consists of approximately 13 miles of pipe up to 18-inches in diameter and seven lift stations.

APPENDIX E – Cost Projection.

Cost Projection - Offerors shall use Table V below to complete 25 year cost projection. Offerors shall use current dollars using Offeror's desired inflation and escalation factors. Cost projection should be based on mid-year convention and year 1 begins January 1, 2004.

Table V: 25 Year Cost Projection				
Project Years	Utility Service Charges (w/o capitalization or commodity)	Utility Service Charges (capitalization only)	Purchase Price Credit	Commodity Rates (where applies)
1				
2				
3				
4				
5				
6				
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